



### Battle of the bids

Competition is ferocious. The main weapons are the charm and expertise of the specialists

Page I

how to spend it  
malice in wonderland:  
a modernist nightmare?

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## IMF lines up \$23bn to rescue Indonesia

By Bruce Clark in Washington and Sander Thoenes in Jakarta

The International Monetary Fund yesterday announced a \$23bn rescue package for Indonesia. It said the US and six other governments were prepared to supplement the deal if fresh emergencies arose.

The three-year package, including a \$10bn loan from the IMF, \$4.5bn from the World Bank and \$3.5bn from the Asian Development Bank, is the biggest international financial rescue since the \$50bn bailout of Mexico in 1995.

Michel Camdessus, the IMF managing director, said the US, and the governments of China, Hong Kong, Japan, Australia, Malaysia and Singapore had offered to supplement the package in the event of "unanticipated adverse external circumstances". Japan and Singapore are understood to have offered \$5bn each, and Australia and

Malaysia about \$1bn each. Robert Rubin, US Treasury secretary, said the US was willing to provide \$3bn from its Exchange Stabilisation Fund, on which the administration can draw without congressional approval.

Senior Treasury officials said that by establishing a second line of defence, the US and other governments were helping to ward off the risk of contagion - instability spreading from one stock market to another - while ensuring the primacy of the international institutions.

Mr Camdessus said the package was assembled after the Indonesian authorities launched "an impressive programme of macro-economic adjustment and structural reform".

The Indonesian government said it would reduce some import tariffs, and tax breaks for locally produced cars by 2000, and rein in trading monopolies for staple foodstuffs. It also promised to pursue deregulation and gradu-

ally to reduce export tariffs. More announcements are expected to follow today.

The remainder of the \$23bn will be made up by drawing on Indonesia's external assets.

The US contribution is likely to face tough political scrutiny from Republicans in Congress who were sceptical about the Mexican bailout.

Mr Rubin said last Sunday that any international rescue for Indonesia would be led by the multilateral institutions and not the US government on its own.

The package followed a week of turmoil on world stock markets, with nervousness spreading from Asian markets to Wall Street. In yesterday's statement, Mr Rubin said: "Financial security round the world is critical to the national security and economic interests of the US."

Reckoning the cost, Page 3  
Hong Kong recovers, Page 24  
Lex, Page 24

## Greenhouse gas deal sought

Japan searches for compromise between US and EU

By Ralph Atkins in Bonn

Japan yesterday began efforts to secure a compromise between the US and the European Union on the vexed issue of greenhouse gas emissions.

Its attempt to find common ground followed the failure of preparatory meetings in Bonn to agree targets for the period to 2010. Japan is hosting next month's Kyoto conference on climate change.

Japan's proposals envisage a 5 per cent, legally-binding reduction in emissions for developed countries by 2008-2012 but would allow lower individual national targets. The EU, in contrast, is proposing a 15 per cent cut in

carbon dioxide, methane and nitrous oxide by 2010. The EU has dismissed as inadequate a US suggestion that greenhouse gas emissions should be returned to 1990 levels by 2008-2012.

Toshiaki Tanabe, Japan's ambassador for global environmental affairs, said the EU would have to show flexibility. Kyoto had to set realistic targets that could form a basis for the future. "If we set a lofty target but can't achieve it, it will have no meaning," said Mr Tanabe.

Angela Merkel, Germany's environment minister, said "binding, demanding reduction targets" should be set for industrial nations in the period after 2000. The US government faces

considerable pressure from its industrial lobby. Gail McDonald, president of the global climate coalition, representing US businesses, said the EU and developing nations "are doing nothing less than demanding that the US slip a noose around its economic neck and pull the rope taut".

Other issues still to be resolved include whether countries should be allowed to "trade" emission quotas, by banking above-target reductions or "borrowing" from the future if they miss targets.

Raul Estrada-Oyuela, who chaired the Bonn talks, said progress had been made on some technical points but the draft text for Kyoto still contained "a mosaic of different positions".

### News General

#### Hope for jailed au pair

Massachusetts judge Hiller Zobel has unexpectedly offered British au pair Louise Woodward a ray of hope, after sentencing her to life imprisonment for the second-degree murder of a baby in her care. Woodward, 19, will be eligible for parole after serving 15 years for killing 8-month-old Matthew Eappen, who died of head injuries in Boston's Children's Hospital last February. But the judge has given her defence team the option of asking him to reduce her conviction to one of involuntary manslaughter in submissions next Tuesday.

**Summit may break the ice:** Boris Yeltsin is hoping his country's traditionally frosty relations with Japan will thaw in the Siberian bath house where he meets Japanese prime minister Ryutaro Hashimoto this weekend. Japan is keen to expand its economic presence in Russia's far east, while Russia needs fresh infrastructure investment. But the "summit summit" may founder over their conflicting claims to four islands north of Japan which have been occupied by the Russians since the end of the second world war. Page 3

**Ariane propels Europe back into space race:** It has been a 17-month wait, but Europe succeeded in re-establishing its space credentials with the apparently flawless second mission by Ariane 5. It positions Europe's space industry to defend its leadership of the \$3bn-a-year (€1.5bn) commercial satellite-launching market. Page 7

**Deal on Japanese port practices:** Japanese and foreign shipping companies have agreed with Japan's government and port workers association on improved practices at ports from December 1 - a move which the Japanese government hopes could finally settle its dispute with the US. Page 4

### People in the News

#### American savers

Small investors in the US kept their heads this week, defying fears that they would sell shares at the first sign of panic and convert a stock market correction into a full-blown crash. But who are the people who saved the markets from meltdown?

Page 6



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### News Business

#### NatWest rebuffs DMG

Talks between NatWest Group and Deutsche Morgan Grenfell have been called off after the British bank rejected an offer of about £150m (\$240m) for the global equities division of NatWest Markets. At the same time, Swiss-American bank CSFB has emerged as the only contender left in the race for the equities and advisory businesses of investment bank BZW, which are being sold by Barclays. Page 24 and Lex, Wary suitors, Page 22

**Sponsors bet their shirts on soccer:** England's Football Association is soon to decide on a new sponsor for the national team's uniform, but more than design is at stake. Competition among sportswear's big names in is so intense that sponsorship deals have risen to stratospheric levels in the past year, sparked by Nike's \$200m 10-year deal to sponsor World Cup holders Brazil. Page 23

**Modest recovery leaves Dow 300 points down on week:** Wall Street managed a modest recovery in early trading yesterday but the Dow Jones Industrial Average was still around 300 points down on the week by lunchtime in New York. At 1pm, it was 21.12 points up on the day at 7,402.79. The problems in Asia, apart from affecting investor confidence, also caused some earnings downgrades among electronic stocks. And US investors were concerned about some sharp falls in the Latin American markets. World stocks, Page 20

**Renault signs up for Russian car plants:** Renault of France is to sign a letter of intent with the Moscow city authorities to build 120,000 cars a year in Russia. In the latest expansion by a western carmaker into the world's last big growth market, Renault will invest in a \$350m joint venture with Moskvich. The venture, expected to build the Mégane Classic saloon, will be run by Renault. Moscow's authorities will contribute part of Moskvich's factory in the city, while Renault will provide cash and technology. Page 24

**Keeping a brand image stable:** The decision by Mercedes-Benz to recall 1,600 A-Class mini-cars after the "Baby Benz" flipped over in tests has cost it dearly in terms of the damage to its brand, says branding consultancy Wolff Olins. Daimler-Benz has been caught out by its attempt to stretch the Mercedes brand, a feat successfully accomplished by Walt Disney and the UK's Virgin group. Page 7

### Contents

News	2-4	Company	22, 23	US earnings	21
International News	2-4	Company & Finance	22, 23	Managed funds	10-18
UK News	5	Sharemarkets	17	Money markets	9
Weather	24	FTSE 100	17	Offshore trading	17
Law	24	FTSE 100	17	Recent issues	17
FTSE 100	17	FTSE 100	17	Share information	18, 19
FTSE 100	17	FTSE 100	17	World commodities	8
FTSE 100	17	FTSE 100	17	Wall Street	20, 21
FTSE 100	17	FTSE 100	17	Bourses	20, 21
FTSE 100	17	FTSE 100	17	FT Weekend	Section 4



### Mr Universe

Astronomers now know that the universe is actually a lot heavier than it looks

Page II



### Turning point

You will see that the wines were made by an Australian. Hardly any Germans were involved

Page XII



NYSE chairman Richard Grasso (left) and Chinese president Jiang Zemin moments before he rang the bell opening yesterday's trading Reuters

## Jiang marked down by Wall St

By Tony Walker in New York

China's President Jiang Zemin, leader of an emerging market-Leninist state, could have been excused yesterday for thinking he had entered enemy territory rather than the welcoming citadel of world capitalism, New York City.

Shunned by New York politicians who were "too busy" to see him, the Chinese leader was on the receiving end of scattered boos and jeers from floor traders at the New York stock exchange when he rang the opening bell.

But Mr Jiang, whose week-long state visit to the US has been marked by human rights protests and spirited exchanges with congressmen, did not appear fazed by the commotion. He smiled and gave a thumbs-up sign as trading began with the

Dow industrials bouncing 50 points on opening.

Mr Jiang, a history buff, planned his US stay around visits to shrines of American democracy, from colonial Williamsburg, hotbed of the revolution, to Philadelphia's Independence Hall where the Declaration of Independence was signed in 1776.

However, more often than not, he found it difficult to take refuge in the past and was obliged to deal with the modern legacy of America's fierce attachment to ideals of free speech and assembly, symbolised by the very monuments he was visiting.

For example, protesters short-circuited a photo-opportunity in Philadelphia where Mr Jiang would have been shown touching the Liberty Bell.

History also intruded, perhaps

unexpectedly, in a spirited exchange at a Washington press conference when President Bill Clinton observed China was "on the wrong side of history" in its approach to human rights.

Not to be outdone by the relatively modern trappings of American nationhood, Mr Jiang took refuge in sayings from Confucius and Song Dynasty poets that are thousands of years old. On occasion, his attempts to use these to confound critics also stamped his translator, who struggled to get the message across.

Beyond history, China's leader perhaps learned another lesson about the US - the influence of Hollywood, which came to Washington in the person of Richard Gere, transformed from American Gigolo to crusader dressed in black in the cause of Tibetans.

The Tibet lobby has been by far the most vocal in the protests which have tracked Mr Jiang. But China's leader, nearing the end of his visit, probably feels he is at last entering friendlier waters. He breakfasted yesterday with George Bush, a longstanding supporter of China and former head of the US liaison office in Beijing before normalisation.

He was to be a guest last night of the business elite at a banquet in the Waldorf Astoria, where he is staying. Earlier, he visited the headquarters of IBM, AT&T and Lucent Technologies to meet chief executives. At these discussions at least, "problems left over from history" - a phrase often used by the Chinese to describe historic disagreements - are unlikely to have intruded.

Accent on the positive, Page 3

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## NEWS: EUROPE

Fund says poor tax collection at heart of decision to postpone disbursement to early next year

## IMF delays \$700m loan to Russia

By Christina Freeland in Moscow

The International Monetary Fund yesterday delayed a \$700m tranche of its massive three-year loan to Russia, disconcerting some investors already shaken by the turmoil in emerging markets around the world.

While praising the Russian government's overall economic efforts, the IMF said that because of poor tax collection, disbursement of its \$10bn loan to Russia would be postponed until early next year.

Although it is no secret that the Kremlin has failed to meet revenue

targets, some foreign investors and economists were worried that the IMF's decision could rock Russia's already volatile capital markets.

"This could be the straw that breaks the camel's back," the chief economist at one western investment bank in Moscow said. "This is a pretty risky thing to do, particularly when you have [Michail] Camdessus [the Fund's managing director] running over to Asia and dropping billions."

Russia, whose stock market had rocketed up by more than 165 per cent earlier this year, has been shaken by this week's volatility on

international markets. After a week of fluctuations of more than 30 per cent up and down, the Russian Trading System index closed at 427.2 yesterday, down 6 per cent from Thursday's close and almost 18 per cent down from the end of last week. But the IMF, which sees the Russian government's poor revenue collection as the heart of a web of non-payments which has held back economic growth, seems to believe that it cannot afford to turn a blind eye to the Kremlin's continued failure to improve tax collection radically.

"Despite increased cash tax col-

lections, overall revenue performance of the federal budget remains insufficient for budget execution," the IMF explained in a joint statement with the Russian ministry of finance. "In this context, budgetary spending arrears continue and heavily weigh on overall economic performance."

Earlier this month Anatoly Chubais, the finance minister, said that the government had collected only 82 per cent of the taxes it had budgeted in the first nine months of the year. In figures released this week, the State Statistics Committee said wage arrears had climbed

last month to \$9.45bn, up 1.7 per cent on the previous month.

Many analysts said they were surprised by the Fund's decision in the light of this week's market turbulence. But a few thought the IMF's move might have a positive political effect by enhancing the authority of Mr Chubais, whose presence in the government is seen as vital for continued negotiations with the IMF.

Mr Chubais is seen as a guarantor of Russian reforms by the west, but he is widely hated in Russia and recently his political star has started to dim.

## Longer hours leave consumers cold

German retailers are disappointed by the response to an extension of opening times

Only the bold go shopping in Bonn on a bitter late autumn evening. Outside the Hertie department store, just before the 8pm close, it is clear longer German opening hours – a year old today – are not bringing the burgers bustling in.

"I am certainly an exception," says Uwe, a student hurrying to finish his purchasing. "The older generation are used to the shops closing at 6.30pm. The Germans are essentially bureaucratic. They always were. They always will be."

For Germany's reformers, the response to the liberalisation of shopping hours is disappointing. Shopping times – also extended by two hours to 4pm on Saturdays – were hailed as an important

signal of the country's ability to implement structural change.

Although the reform was modest, Wolfgang Schäuble, parliamentary leader of Chancellor Helmut Kohl's Christian Democratic Union, has described shopping hours extension as the "most stressful" decision of the current parliament.

But the German retailers' association reckons turnover has dropped by a real 2 per cent this year, the fifth consecutive annual fall. A survey by the association showed 63 per cent of shops took advantage of the relaxation initially; now less than half offer longer trading times. "If people shop at all in the evening they go to the big cities," says Susan, an astronomer. "My parents have a small shoe shop in a small town. They tried opening longer but it was not a success. Even here in Bonn

the demand is limited. I guess that they thought more people would jump at the chance than did."

One explanation is that the traditional cautious German consumer is taking time to adjust. Günter Rexrodt, the perennially optimistic federal economics minister, points to surveys showing that 75 per cent of Germans have taken advantage of the new freedom to shop. "You would have to look hard to find another area in Germany where, within a year, the lives of so many people have been positively improved," he says.

Outside Hertie, however, Antje, a secretary, says: "It is new and the Germans are very cautious. They need time to get used to it and to see the advantages."

Not just shoppers have to adjust. The attitude of unions has long been hostile, which can hardly help



A shopper in a Berlin store hopes to bag a bargain but later hours have had little impact on retail trade

improve notoriously weak customer service. Now the unions argue their fears were justified: longer opening hours mean longer working hours, more low paid jobs – and falling turnover, they say. Retailers have added to the problem, creating confusion over opening times. Some take full advantage of the liberalisation, others only on certain nights. Customers are never sure how many shops will be open on a night excursion.

Uwe, who has lived in Canada, adds: "Look at the shop assistants. They have not realised that when money is short, you have to make the opportunity for people to spend."

At exactly 8pm, Hertie's shop assistants show customers to the door. And how will Germany's retailers mark today's anniversary? Many shops are shut for All Saints' Day.

Ralph Atkins

## Greek short-term rates up to 150%

By Kerin Hope in Athens

Greece's central bank yesterday stepped up its defence of the drachma by raising short-term interest rates for commercial banks to 150 per cent after a rush by international investors to sell their holdings of Greek bonds.

The move stabilised the Greek currency after a turbulent week in which the Bank of Greece sold an estimated \$20m (£1.2m) in foreign exchange reserves to prevent the drachma from sliding against the Euro. Commercial banks placed more than Dr150bn on a three-day deposit with the central bank at an annual rate of 150 per cent.

Pressure on the drachma this week has underlined flaws in Greece's economic policy mix, analysts said. The Socialist government relies on the central bank's "strong" drachma policy to help reduce inflation but has been slow to modernise the capital market.

Prices on the Athens stock exchange yesterday fell by 4 per cent, bringing losses for the week to 13 per cent. Domestic investors sold stocks in order to buy treasury bills issued with an interest rate of 14.5 per cent, following the finance ministry's first auction of short-term paper.

More treasury bills were issued yesterday at the same rate. National Bank of Greece said it was postponing a \$150m share offering for international investors scheduled for this month because of uncertainty on international markets.

But investors were still taking up shares in a Dr60.3bn (\$290m) domestic rights issue launched last month, the bank said yesterday.

## French truckers in negotiations

By Robert Graham and David Owen in Paris

French haulage employers and truck drivers were locked in negotiations at the ministry of transport last night, in a last-ditch effort to prevent a repeat of last year's damaging strike.

Memories of last December's 12-day stoppage, which paralysed the country's roads and caused severe disruption to business across western Europe, are still fresh. As a result, many companies, both French and international, have already begun to take precautions against the truckers carrying out their threat of a

"long hard blockade" from tomorrow if pay talks fail.

Even the producers of Beaujolais nouveau have gone ahead with an emergency plan to ensure minimum supplies of the wine at depots and wholesalers in France and within Europe.

Haulage companies say they are offering the equivalent of a 20 per cent rise over three years, raising the minimum to FF10,000 (\$1,700) a month. The truckers are demanding an immediate rise to FF10,000 from FF8,000 for 200 hours per month.

The unions were last night convinced they still had public sympathy on their side,

as in the previous strike. However, in the event of the blockade going ahead, the government will be under much greater domestic and international pressure to ensure safe corridors are kept open for the free movement of goods.

International hauliers this week appeared to have little faith that this would be possible. Most were doing their utmost to be out of the country before the normal weekend ban on road transport took effect so as to avoid any trouble on Monday. Requests by the British government to remove this ban were considered by the transport ministry but the authorities

decided to stick to the ban. As the Sunday deadline approached both sides in the conflict indulged in recrimination. Stefan Levesque, spokesman for the FNTR, the main transport federation, said: "The unions are in the position of an aeroplane that is so far down the runway the take-off cannot be aborted – they have gone too far to call off the strike. There is not much we can improve on in our offer."

Michel Florioeur of the CFDT, the main truckers' union said: "The owners are provoking us and this time we are not going to be so easily bought off with mere promises."

## Constitutional reform in Italy garners critics

By James Biffz in Rome

The Italian parliament's marathon attempt to reform the country's constitution reached its half-way stage this week when the all-party commission debating the proposals concluded its work.

Ten months after it set about redrafting the 1948 constitution, the commission, or "Bicamerale", put the finishing touches to a reform package that will now be tabled before the full parliament. The main aim of the Bicamerale has been to devise a streamlined and effective constitution for Italy after corruption scandals in the early 1990s swept away much of the postwar political establishment.

However, political commentators yesterday said that, in many areas, the Bicamerale had come up with proposals that were incoherent and incomplete. What results is best seen in the commission's attempt to create a strong system of executive government. Strongly supported by the rightwing parties, it proposes strengthening of the position of the country's president by having the post elected by universal suffrage rather than a parliamentary vote.

But this move coincides with growing signs that Italy is set to have another electoral reform that strengthens the position of the prime minister as well. "Parliament is expected to approve

a law that introduces two-round elections which weed out the smaller parties and strengthen prime ministerial government," says Sergio Romano, a leading political commentator. "So it is absurd – and even dangerous – to have this emerging alongside the new proposals on the presidency."

The other main proposal of the Bicamerale is reform of Italy's justice system – and this, too, appears incomplete. The appeal for change has again come from rightwing deputies, such as Silvio Berlusconi, leader of Forza Italia. He has argued that, throughout the 1990s, close-knit groups of judges and district attorneys have pursued corruption cases against leading political figures like himself without any accountability to a higher authority or a clear code of practice.

Mr Berlusconi got his way this week forcing through a proposal that helps to break up the coteries of judges and district attorneys, establishing separate governing bodies for each group in Italy's supreme judicial body.

Meanwhile, the ruling centre-left will block any further concessions, insisting that the judiciary has played an important role bringing the corruption of its political opponents to book. It will be a more than usually heated debate – one which a few deputies believe has the potential to trigger a new crisis for Romano Prodi's governing majority.

## INTERNATIONAL NEWS DIGEST

## US in landmine concession

The US, which is facing criticism for opposing a global landmine ban, yesterday announced a plan to raise up to \$1bn a year to rid the world of mines by 2010.

Madeleine Albright, secretary of state, said that the goal was "to ensure that civilians in every country on every continent are secure from the threat of landmines by the end of the next decade".

She said the campaign would aim to increase five-fold, to \$1bn a year, public and private resources devoted worldwide to detecting and clearing landmines. The US plan appears to deal only with landmines that threaten civilians, leaving open their possible continued use for military ends.

The initiative follows a refusal to sign an international agreement to ban landmines adopted on September 18 by 89 countries in Oslo, Norway. According to US estimates, about 100m landmines in at least 64 countries cause 35,000 casualties each year.

Reuters, Washington

## IRISH PRESIDENCY

## McAleese set for victory

Mary McAleese, the Irish government candidate, last night looked set to win the presidential election, providing a welcome relief for the coalition of Bertie Ahern, still reeling from corruption allegations.

With 38 of 41 constituencies reporting, the Belfast-born law professor, nominated by Fianna Fail and the right-of-centre Progressive Democrats, had 44.8 per cent of the votes in the five-way race, and was poised to secure the necessary 51 per cent from transfers on the second count.

Mary Banotti of the opposition Fine Gael party, a member of the European parliament, who had 29.6 per cent, then conceded.

Mr Ahern, the prime minister and the Fianna Fail leader, looked poised last night to savour victory, after enduring a public tribunal into the financial wrongdoings of a former party leader and the resignation of his foreign minister over corruption charges.

Mrs McAleese will become the first citizen of Northern Ireland to become Irish president. She defied opposition attempts to portray her as soft on terrorism after she was "pushing a Sinn Féin agenda" during the British general election.

John Murray Brown

## PAKISTAN

## Court gets five more judges

Nawaz Sharif, Pakistan's prime minister, yesterday backed away from a confrontation with the country's supreme court and conceded the court's demand for five more judges, raising the number from 12 to 17.

In an attack on his government, the supreme court last week struck down a law passed by the parliament with Mr Sharif's backing, which made it unlawful for MPs to oppose party policy. Mr Sharif's position appears to have weakened with the court's decision, though analysts say that there are still no signs of a break within the ranks of his ruling PML (Pakistan Muslim League) party.

In a speech in parliament, devoted mostly to reforming Pakistan's battered economy, Mr Sharif said: "My mission does not allow me to land myself in controversies. I just want to reform the economy, create jobs, attract investments."

Farhan Bokhari, Islamabad

## VIETNAM

## IMF upbeat over economy

The International Monetary Fund said yesterday that "substantial progress" had been made in talks with Vietnam over key economic reforms needed to unlock \$180m in fresh funding for next year.

But a firm timetable was still needed from the communist-run country over the disposal of loss-making state enterprises, reforming the ailing financial sector, wiping out non-tariff barriers and introducing a long-awaited value-added tax.

"The commitments are there but the timing is still an issue," said Erik Offerdal, IMF Vietnam representative. Vietnam's decade-long reforms have run aground on vested interests who fear loss of economic privileges. Western economists say this explains slow progress on state enterprise reform in the last two years. The lack of a timetable reflects Hanoi's worries over the social consequences of state enterprise reform and fears over mass unemployment.

Jeremy Grant, Danang

## GERMAN PENSIONS

## Approval for financing plan

German government proposals for financing pension changes with a one percentage point increase in VAT to 16 per cent were approved yesterday by the Bundestag, or lower house of parliament.

But the proposals are certain to be blocked by the Bundesrat, the second chamber of parliament, which is controlled by the opposition Social Democratic party. The deadlock highlights the difficulty faced by Helmut Kohl, the chancellor, in winning approval for structural reforms.

Ralph Atkins, Bonn

## MONTENEGRO

## Bulatovic concedes defeat

Momir Bulatovic, president of Montenegro, yesterday conceded defeat in the Yugoslav republic's presidential election and said he would hand over power to his reformist rival, Milo Djukanovic, the prime minister.

Mr Bulatovic, who had rejected the results of the October 19 poll and accused the prime minister of fraud, told Tony Lloyd, the British minister of state at the Foreign Office, that he would step down when his term expires on January 15. Mr Djukanovic is a harsh critic of Slobodan Milosevic, the Yugoslav president, who has so far refused to recognise his victory.

Backed by Mr Milosevic's Serbian Socialist party, Mr Bulatovic has held rallies in the Montenegrin capital in protest against the result, which was endorsed by European monitors.

Guy Dimare, Podgorica

## POLAND

## New cabinet sworn in

Poland's ex-Communist president yesterday swore in a new centre-right coalition cabinet led by his political foe from the Solidarity bloc.

The new government has a hard task ahead in steering Poland towards the European Union. Jerzy Buzek, the new prime minister, took his oath, followed by ministers from his Solidarity Election Action (AWS) and the smaller Freedom Union (UW). Their coalition emerged triumphant from parliamentary elections on September 21.

"We have a new government, and I am convinced its formation is a very important stage on the way to building a strong, democratic state, ruled by law, and strengthening democracy," Aleksander Kwasniewski, the president, said. He promised the cabinet, the eighth since the Solidarity movement toppled communist rule in 1989, his support to pursue economic reform and Poland's constant foreign policy goals.

Mr Buzek, a veteran Solidarity trade union activist, said: "We aim as fast as possible to take Poland into Nato, which will guarantee us security. We will prepare our country for integration with the EU."

Reuters, Warsaw



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Government promises tax and tariff reforms but remains vague about financial sector

# Indonesia reckons cost of IMF aid package

Neither the International Monetary Fund nor the Indonesian government was in a hurry yesterday to take responsibility for spelling out the more painful parts of the newly agreed \$23bn rescue package.

But enough details emerged to make it plain that some heavy political costs will have to be incurred by the authorities in Indonesia. Michel Camdessus, the IMF's managing director, presented the package as a long-term effort to put the Indonesian economy on a sound footing. He said he was confident that the programme "will be of great benefit to the Indonesian people" and praised the government for its readiness to "take a decisive stance in such difficult circumstances".

Economic ministers from the Group of 15 (G15), a collection of developing countries, yesterday asked the World Trade Organisation to launch a study into the possible negative impact of currency volatility on trade, writes James Kyne in Kuala Lumpur.

Rafiah Aziz, Malaysia's international trade and industry minister, said the study would go ahead because representatives of several G15 nations within the WTO would pursue it. Malaysia, which has been a stern critic of the global currency trading mechanism, is using the G15 meeting as a forum to drum up support for new regulations to make currency trade more transparent and more "equitable" for developing nations.

A formal statement on the matter may be signed after a G15 summit next week.

Separately, Ms Rafiah said Malaysia would submit a package of offers on financial services liberalisation to the WTO by November 12, one month ahead of the deadline by which WTO signatories must reach an accord on reducing barriers on banks and financial services companies expanding into overseas markets.

The programme was based "in the first instance" on monetary and fiscal policies, designed to restore confidence to financial markets. A second leg would involve restructuring the financial sector, with measures to make sure it remained sound: a third part would involve deregulation and trade reforms. "Simultaneous efforts to improve transparency and openness will significantly improve the governance framework and the business climate," he added.

The Indonesian authorities had "transformed the risk of a crisis into an opportunity to address underlying problems", he said. The programme conformed with the IMF's latest thinking about the need for developing countries to undertake a "second generation of reforms" in order to remove

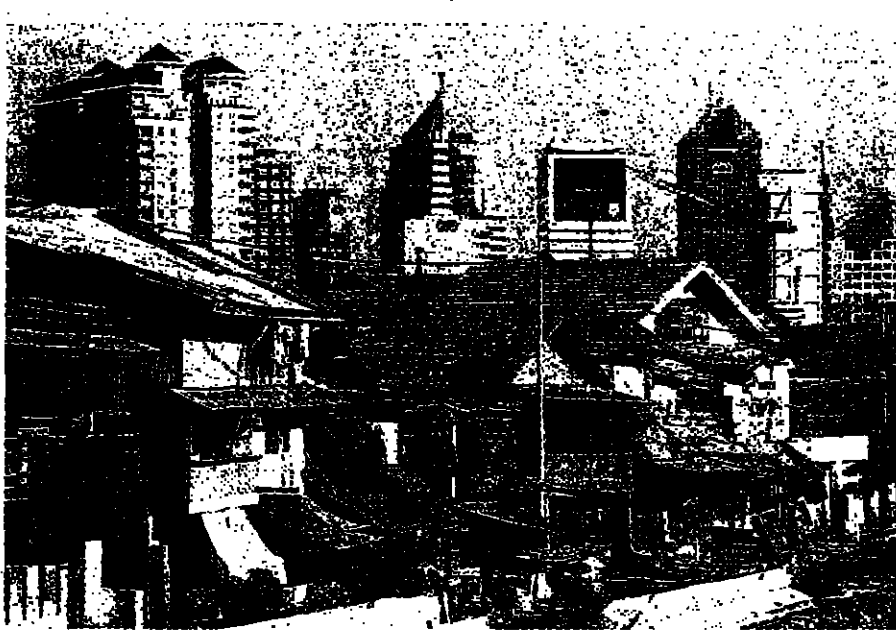
economic rigidities that had built up over many years. The effects of yesterday's plan would go well beyond the three-year lifetime of the IMF's stand-by arrangement. A heavy responsibility, he added, would lie with the Indonesian central bank governor, Sudrajat Dihadwono, who had pledged to "liquidate banks that were beyond repair" while "unhealthy banks would follow a process of acquisition or merger".

The aid pledge far exceeds the \$17.5bn offered to Thailand earlier this year, indicating greater confidence in the government's ability to implement the steps it announced yesterday.

But Indonesia was vague yesterday on much of its reforms. It said it would cut some import tariffs, phase out tax holidays for a controversial car programme and curtail trading monopolies for some staple foods, seen as an important patronage tool for President Suharto.

Asked about the future of the \$1.3bn national car project, established by President Suharto's son Tommy, Mr Camdessus said the Indonesian government had pledged to abide by what the World Trade Organisation decided. The US, Japan and the European Union have all contended that the project violates WTO rules. Tommy Suharto retired from the company this week, apparently to save face.

The Indonesian government yesterday repeated pledges to cut spending to ensure a balanced budget



Jakarta skyline: slums surround the new high-rise apartments and offices

and reduce the current account deficit to below 3 per cent of gross domestic product over the next two years. It plans to increase savings and improve tax collection to achieve a balanced budget for this year. It hopes to reach a surplus of 1 per cent of GDP in the next fiscal year, despite the impact of the rupiah's depreciation on debt payments and fuel imports.

It vowed to continue deregulation, phase out export tariffs and ease pressure on industry by gradually reducing interest rates after a sharp rise in August, when the rupiah was pushed down sharply. It said economic growth would drop this year and the next but

predicted a 7 per cent increase in 1999. Inflation would stay in single digits. The government stressed repeatedly that it had already started implementing many of these steps, eager to avoid the accusation that it was caving in to western pressure. The agreement with the IMF was played down in television news programmes.

President Suharto had cast doubt on the talks earlier this week when he said he needed only the IMF's advice, not its money. Diplomats later concluded that he had combined negotiation bluff with an effort to save face domestically.

But the government surprised pessimists by announcing

that imports of wheat, soy beans, and garlic would be freed from a monopolistic import licensing system that boosted domestic prices and made a few well connected businessmen very rich.

The government was particularly vague about its plans for reforming the financial sector. Dozens of banks are believed to be illiquid and the central bank has threatened to close down banks which fail to merge or boost capital requirements. The central bank has yet to carry out its threats or indicate how it will enforce its rules. Police recently arrested central bank staff and commercial bankers who had issued Rp1bn (\$200,000) in fraudulent com-

mercial paper. Two large banks were plundered by their owners and collapsed but both have been bailed out rather than liquidated.

"The government statement about banking reforms should be taken seriously," insisted Kadhim A. Al-eyd, senior resident representative of the IMF in Jakarta. "It's pretty good."

Most private companies in the country have so far been able to hide or cover their foreign exchange losses, though many large conglomerates are believed to be short of cash and deeply in debt. High interest rates have prevented them from refinancing their debt, but banks have been unable to foreclose because of weak bankruptcy laws.

This, along with tight liquidity, is believed to have pushed at least 20 banks into virtual bankruptcy. Moody's downgraded the outlook rating for 10 big Indonesian banks to negative from neutral this week.

Many companies are delaying painful steps in the hope that interest rates will come down soon. "The government is afraid that speculation on the dollar will come back if they release liquidity too quickly," said Aburizal Bakrie, chairman of the diversified group Bakrie & Brothers. Predicting a boost in market confidence following the IMF announcement, he urged the government to "use the momentum to release liquidity faster."

Sander Thoenes  
Bruce Clark

## S Korea banks' ratings lowered

By John Burton in Seoul

Credit ratings for four of South Korea's six main commercial banks were downgraded yesterday by Moody's Investor Service, the US credit rating agency. The move is likely to put further downward pressure on the nation's falling currency and stock market.

Moody's cut the long-term credit rating of Korea Exchange Bank to Baa2 from Baa1 and those for Korea First Bank, SeoulBank and Commercial Bank of Korea to Baa3 from Baa2 because of their exposure to highly leveraged conglomerates. All four banks suffered a downgrade in short-term ratings to Prime-3 from Prime-2. This followed downgrades in Korea's sovereign ratings by Moody's and Standard & Poor's in the past week. Fears that the deteriorating credit ratings will make it more difficult for banks and companies to raise capital abroad has led to a surge in demand for dollars that has pushed the Korean currency, the won, to a record low.

The won slightly strengthened yesterday to close at 964.60 to the dollar after central bank intervention, but traders said it would face renewed pressure next week. Fears of foreign exchange losses have caused overseas investors to flee the Seoul bourse, which fell yesterday by 2.9 per cent to a five-year low of 470.79 points.

Bad debts for the banks are escalating as corporate bankruptcies increase because of an economic slowdown.

"All four banks have long suffered from low profitability that is now being further depleted by the carrying costs of their high level of delinquent loans, and this prevents adequate provisioning or the repayment of capital," Moody's said.

It predicted the government would have to increase support to the banks through capital infusions.

## Thai forex reserves rise but baht continues downward

By Ted Baradei in Bangkok

Thailand has recorded another rise in its foreign exchange reserves and in September saw its first monthly balance of payments surplus this year, the country's central bank said yesterday.

But the Thai currency failed to respond and continued its week-long free-fall, impelled by the

weakness in regional markets and by worries over the ability of the Thai government to implement IMF-inspired policy.

Foreign reserves at October 15 stand at \$39.7bn, up from \$39.6bn at the end of September. This amount includes at least \$4.4bn in drawdowns from the country's \$17.5bn International Monetary Fund rescue package. It also does

not take into account the liabilities represented by \$3.9bn in new forward positions the bank still holds, down slightly from the \$4.2bn it held on August 21.

The central bank will now publish its net forward position on a monthly basis, officials said.

The balance of payments surplus in September was \$1.33bn (\$3.6m), indicating a new inflow

of foreign capital, compared to a deficit of \$146.1bn in August. The current account deficit in August also eased to \$118.6bn from \$120.5bn a month earlier.

The deficit would have shrunk even further had Thailand not taken delivery of a B747 aircraft carrier, the first in south-east Asia, in August. Exports also increased by \$1.0bn month on

month to \$147.7bn.

But the generally positive external figures could not stop the baht from falling throughout the day as Thai corporates sought the dollar to repay foreign debts. The baht closed at another all-time low of \$14.10 to the US dollar, compared to \$13.95 on Thursday.

Analysts say IMF targets for macroeconomic data, which were

predicated on the baht at \$13.2 to the US dollar, will have to be revised if Thailand has any hope of meeting those targets.

Economists noted that signs of a recession abound. The August manufacturing production index fell 5.1 per cent, compared to a 3.8 per cent rise in July, while the growth in M1 money supply contracted to 6.2 per cent.

## Russia and Japan head for a thaw

John Thornhill and Gillian Tett on the 'sauna summit' between Hashimoto and Yeltsin

For decades, relations between Russia and Japan have been frosty.

But they may well warm up this weekend in a remote Siberian bath house, as Ryutaro Hashimoto, Japan's prime minister, meets Boris Yeltsin, Russia's president, in a rare and informal get-together.

The meeting, dubbed the "sauna summit", aims to create a convivial atmosphere, with the two men spending eight hours together in the Krasnoyarsk region, fishing, eating "relaxed" meals and, according to the Russian Itar-Tass newsagency, having "naked contact" in a steamy bath house.

But there are also some crucial economic issues at stake. The decision to hold the summit has been partly triggered by a growing desire by both sides to tap the vast oil and gas

resources in Russia's far east. Russia is seeking new infrastructure investment, while Japan is keen to expand its economic presence in the area, which could potentially supply much of Asia's fast growing energy needs in the next century.

The shift in diplomatic relations first became evident earlier this year, when Japan declared a "subtle change" in its policy towards Russia. Until then, Japan had insisted it could not discuss any economic issues with Russia until the two countries had resolved a long-running political dispute over four islands that lie to the north of Japan. The islands, known as the Southern Kuriles in Russia and Northern Territories in Japan, were seized by Russia in the closing days of the second world war.

Moscow-based diplomats

suggest the Kremlin may show some flexibility over the status of the islands, although regional leaders in Russia's far east appear vehemently opposed to any change. Igor Parkhutinov, governor of the Sakhalin region which has jurisdiction over the Kuriles islands, told a Japanese reporter bluntly last month: "The islands belong by law to Russia."

Japan is still insisting the islands must be returned. The issue remains a big grievance for the nationalist political wing within the country. However, Japan's diplomats now say they want to pursue a "multi-plane" approach, which allows the countries to discuss other economic issues - even if the islands remain in dispute.

This shift appears to owe much to Mr Hashimoto himself. Diplomats say his staff have been deeply involved in the recent formulation of policy. Some hope this weekend's summit will give him a foreign policy triumph to

display at home, not least because his own domestic political position is looking increasingly precarious.

But the shift also appears to reflect Japan's growing interest in Siberia's energy reserves. The oil and gas reserves, east of Sakhalin island, are estimated to be equivalent to those in the North Sea and could satisfy a large chunk of Japan's energy needs early in the next century.

So far, Japanese investment in Russia has been very limited: it represented only \$220m by June 1997, out of a total of \$8.1bn. Even in Sakhalin, Japanese companies account for only a third of the investment in current projects - below the US proportion.

However, this weekend's meeting is likely to yield progress on this economic front. Japanese officials have hinted that the two men may announce a new feasibility study for a project to tap gas in Siberia and send it via a pipeline to China and Mongolia. The Japanese may pledge new forms of economic assistance to the region: although Japan has previously offered credits of some \$400m, an extra \$500m may also be used on offer for other projects. And further plans to develop oil reserves around Sakhalin may emerge.

The wild card remains the four islands themselves. Some observers speculate that the "personal" nature of the meeting could possibly generate a breakthrough. But neither side seems entirely ready for a compromise: Mr Hashimoto is in too vulnerable a domestic position to make any significant concessions that could inflame the ire of the nationalists; and Russian nationalists show no sign of moderating their opposition to any direct handover of the islands.

On the eve of the summit, a group of Russian MPs demanded Mr Yeltsin preserve the country's "territorial integrity". Melting this domestic opposition could prove very difficult - however much mutual back-scratching goes on in the bath house.

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### CHINESE LEADER'S TOUR: WHAT THE PAPERS SAY

## Jiang tries to accentuate the positive

From Walkiki beach to Wall Street, from the Pacific to the citadel of capitalism, the New York stock exchange, President Jiang Zemin's visit to the US has been minutely chronicled by the media.

But while Mr Jiang could not complain about quantity - US newspapers have provided blanket coverage of the first Sino-US summit in more than a decade - he might have reservations about tone.

If China was hoping that the US media would emphasise the "positive" aspects of the visit it will have been disappointed: much less attention has been given in the mainstream US press to achievements on trade, non-proliferation and high-level diplomacy than to human rights, and especially to the plight of Tibetans.

China may not have replaced the former Soviet Union in all respects as a part of Evil Empire Mark II, but in the collective view of the US media it is far from escaping the shadow of the 1989 Tiananmen Square crackdown on student demonstrators.

Mr Jiang has tried hard to provide a more sympathetic portrait of a Chi-

nese leader as an avuncular figure, dutifully worshipping at the shrines of American capitalism and democracy, but in the process he has had to contend with a wall of media scepticism.

James Przystup, director of Asian Studies at the Heritage Foundation, a conservative think-tank, attributes media negativism to Tiananmen Square. "Before Tiananmen these

its A- and B-team covering this, but also its C- and D-team and it is little wonder there is no depth," he says. But in the end Mr Jiang and President Bill Clinton will probably be satisfied with the message delivered via the respective media to their home constituencies.

Mr Clinton will not have been displeased with the prominence US newspapers gave to his "tough talk"

**'This is the love-hate thing between Americans and China: it is almost a binary state, you either love 'em or hate 'em.'**

guys were ping-pong players and panda bears. They were our kind of guys. Then, suddenly they were communists," he says. "This is the love-hate thing between Americans and China: it is almost a binary state - you either love 'em or hate 'em."

Robert Kapp, head of the US-China Business Council, which represents US business in China, expresses exasperation at what he regards as irredeemably negative coverage. "Every newspaper has got not only

on human rights at a joint news conference, even if there was theatrical element to his exchange with Mr Jiang.

China's stage-managed press has done what the country's propaganda tears decreed, which is to present the whole thing as a "good news" event. "The handshake of two great peoples," read the headline in People's Daily on the day after the summit. The New York Times, on the other hand, headlined its front-

page story matter-of-factly: "US and China reach trade pacts but clash on rights."

The People's Daily headline is a paraphrase of Deng Xiaoping's comment after meeting President Jimmy Carter in the US in 1979, on a ground-breaking visit used as a model for the Jiang mission. Mr Jiang is said to have studied film of the Deng visit to prime himself.

This week's summit may have lacked the drama of Deng's barnstorming tour, symbolised by his donning of a stetson cowboy hat at Texas rodeo, but there have been enough interesting images to fill television archives.

The Chinese media have been careful to show Mr Jiang in dignified poses - Chinese were not privy to his impromptu performance of the hula in Hawaii or his plunge into the waters of Walkiki - but his wearing of a three-cornered hat in colonial Williamsburg was deemed appropriate. After all, Deng had done something similar in 1979, albeit spontaneously.

Tony Walker  
James Harding



## NEWS: INTERNATIONAL

Tokyo hopes deal will persuade US to lift sanctions against shipping companies

## Agreement on Japanese port practices

By Michio Nakamoto  
in Tokyo

Japanese and foreign shipping companies have agreed with the Japanese government and the port workers' association on measures to improve practices at Japanese ports, in a move that could settle the dispute between the US and Japan.

The three-way agreement, which is scheduled to come into effect on December 1,

follows a basic agreement last month between the US and Japanese governments to resolve their differences over work practices at Japanese ports.

However, the US Federal Maritime Commission had refused to lift sanctions on three Japanese shipping companies in retaliation for Japan's failure to improve port practices before an agreed deadline. The FMC had threatened further to

close US ports to the Japanese shipping companies when they failed to pay the first set of fines due last month. The port closure was averted at the last minute when the two governments agreed in principle to work towards a new labour system at Japanese ports.

The FMC, however, insisted on collecting the fines, and refused to lift the sanctions of \$100,000 per port call, until it could be sure

that changes would actually be adopted. The Japanese have since agreed to pay a proportion of the fines.

Under the latest agreement, shipping companies will not have to negotiate changes to their schedules through the Japan Harbour Transportation Authority (JHTA), which represents seafaring companies.

The old system, known as the prior consultation system, had prevented shipping

companies from flexibly making changes to their landing schedules and had kept Japanese ports among the most expensive to use in the world. Under the system, shipowners were required to consult the JHTA on any changes to their schedules, including very minor ones.

The new agreement allows the shipping companies to bypass the JHTA and consult directly the terminal operators and labour unions.

The Japanese Ministry of Transportation agreed to provide guidance on the implementation of the new agreement within its jurisdiction, but made clear it would not get involved in labour management issues.

The Japanese side hopes that the latest agreement between industry, government and labour unions will convince the FMC finally to lift its sanctions on the Japanese shipping companies.

## Rapid growth continues in US economy

By Gerard Baker  
in Washington

The US economy continued to grow at a rapid pace in the three months to September, spurred on by a surge in consumer spending, the Commerce Department reported yesterday.

Gross domestic product grew at an annual rate of 3.5 per cent in the third quarter, bringing the overall rate of growth in the last year to 4 per cent. Prices rose at their slowest rate in nearly 30 years, however, in the latest indication that strong growth and tight labour markets have still not produced the expected resurgence of inflation.

Most economists believe the current pace of expansion will have to slow if the economy is to avoid inflationary pressures sooner or later. Earlier this week, Alan Greenspan, the chairman of the Federal Reserve, eased worries in financial markets that the Fed might raise interest rates to bring about that slowdown by saying he expected the recent stock market turmoil to do the job by itself.

The 7 per cent fall in equity prices from their peak two months ago may have some negative impact on spending but most financial market economists doubt it will be enough by itself to quell inflationary pressures. "If anything business

investment and consumption have been accelerating," said James O'Sullivan, economist at JP Morgan, the New York investment bank. "While the stock market turmoil could have some dampening effects, what we have seen so far is unlikely to have a dramatic impact."

Other economists argue, however, that the broader financial problems in Asia and elsewhere will lead to a sharp decline in demand for American exports and slow the pace of US growth.

Personal consumption spending grew in the third quarter at an annual rate of 5.7 per cent, its fastest rate in nearly six years. Business fixed investment also leaped - up by 16.7 per cent, its fastest pace in nearly 10 years. With government spending and residential investment also up, though at a slower pace, and a slightly lower level of business stocks, overall sales to domestic purchasers rose by 6 per cent, the fastest rate in 13 years.

External trade was the main damping factor on the pace of growth, as the gap between what the US exports and imports widened for the third straight quarter, to an annual level of \$10.9bn. Inflation continued to accelerate. The implicit price deflator, a key measure of price inflation, dropped to an annual rate of 1.4 per cent, the slowest since 1984.

## Court ruling boost for US tobacco industry

By Richard Tomkins  
in New York

An ex-smoker who developed lung cancer lost her case against R.J. Reynolds Tobacco yesterday, dealing an important victory to the US tobacco industry by strengthening its hand in negotiations over a national tobacco settlement.

A jury in Jacksonville, Florida, rejected claims by JoAnn Karbiwnyk, a 59-year-old loan processor, that R.J.R.'s cigarettes were "defective and unreasonably dangerous" and that the company was negligent in making and selling them.

The case had been closely watched because it was brought by Norwood "Woody" Wilner, the Florida lawyer who stunned the US tobacco industry last year when he unexpectedly won

\$750,000 in damages for an ex-smoker and his wife in the same court. That decision is under appeal.

It was also significant because the court had admitted into evidence leaked industry documents suggesting that tobacco companies knew smoking was dangerous as long ago as the 1950s, without making that knowledge public.

Tobacco stocks rose sharply in early afternoon trading. R.J.R. Nabisco, R.J.R.'s parent, was \$1.4 up at \$31.1, and Philip Morris, the biggest US tobacco company, was up \$1.4 at \$40.4.

Ms Karbiwnyk, who smoked R.J.R.'s Salem Lights, was diagnosed with lung cancer in 1995, nearly 12 years after quitting smoking. Mr Wilner took up her case after she answered an advertisement by his law firm.

When she took the stand two weeks ago, Ms Karbiwnyk admitted responsibility for smoking. But under Florida law, juries can award damages to plaintiffs even if they find them 99 per cent at fault.

Ted Grossman, R.J.R.'s principal trial lawyer, argued that the dangers of smoking were common knowledge when Ms Karbiwnyk took up the habit, but she chose to do so anyway.

Martin Feldman, a tobacco analyst at Smith Barney, said: "The bottom line is, the jury chose to focus on the behaviour of the individual plaintiff rather than the behaviour of the industry."

Mr Wilner said he would continue bringing cases against the tobacco industry, with the next trial due to start on February 2 next year.



Iraqi President Saddam Hussein yesterday holds a machine gun presented to him on the second anniversary of a successful referendum. Iraq said yesterday it did not want a confrontation with the US for banning its arms inspectors but was prepared to face any military action by Washington.

## Protests disrupt Algerian system

Party members prove less compliant than their leaders, reports Roula Khalaf

No to the violence of arms, and no to the violence of fraud," shouted Algerian protesters this week as they led the biggest march in Algiers since the outbreak of conflict in 1992.

By shedding their fears and taking to the streets to protest against electoral fraud, Algerians sent an important warning to the army-backed government: that having survived six years of a savage violence, they want an end to the killings and an end to government dominance of the political process.

It had been assumed by both government and political party leaders that security forces' over-reaction would keep Algerians from public protest. But, as demonstrators said, the official victory of a six-month-old party in last week's local elections was only the last abuse in a long list of grievances. The government was winning elections while the population was growing bitter.

Much of the discontent stems from the authorities' failure to end the violence or improve social and economic conditions in a country where unemployment

reaches more than 28 per cent.

The protests, which joined tens of thousands of Algerians in an unusually peaceful march, were a reaction from the grass roots rather than the leadership of Algeria's legal opposition. As such, they have put both the government and the opposition to crucial tests.

Since the army cancelled elections the Islamic Salvation Front (FIS) was about to win in 1992, Algeria's rulers

party dominance, behind the facade of democracy. Last week Algerians attacked the legitimacy of this political process, by insisting that the government was winning by fraud rather than popular adherence. The government denies the charges of fraud.

"This is a turning point," said Seddik Dehaili, a leader of the Socialist Forces Front (FFS), a fierce critic of the government and the first party to organise a mass protest this week. "Because the

commentators, however, predicted that the government would try to end the demonstrations not by annulling the results, as protesters were demanding, but by setting up a commission of inquiry which might give at least two protesting parties more seats. The strategy would be to divide the opposition, and confine the protest to small parties.

While the FFS has been waiting for the moment when Algerians would show

able alternative to the FIS. After denouncing massive fraud in the June legislative elections, the MSP was offered seats in the government and the party's complaints died down.

The government is also held responsible for having last year helped oust the leadership of the National Liberation Front (FLN), which had since 1992 been playing the role of an opposition party and pushing for a political solution involving the FIS. A pro-government leadership is now at the helm of the FLN.

But in Thursday's march, in which the FLN and MSP were heavily represented, supporters sent clear signals that the base of Algeria's opposition was more radical than the docile leadership and more willing to work with rivals in the opposition.

"We are against the leaders of the FLN," said an FLN supporter. "And we will not accept a compromise which gives us a few more seats and tells us to forget the rest of what we are due. Until now, anyone who tried to demonstrate was branded as a terrorist by the government. Now people are no longer afraid, and they are working together."

The protests were a reaction from the grass roots rather than the leadership of the legal opposition

have sought to legitimise their rule and marginalise the banned FIS. This has been pursued through relentless repression and a return to elected institutions under a restrictive new constitution.

The government billed the process as a return to a more controlled democracy, unlike the 1989-1991 period of real political opening which had allowed the FIS to become the country's largest party. For many Algerians, however, the aim of the presidency and the army was to return to the pre-1988 single-

elections were on a local level and they directly engaged the party militants, the reaction came from the base, and it created a solidarity among rival candidates against the National Democratic Rally - the government party created this year which won both the June legislative elections and last week's poll.

Algeria's government has tried to limit the damage by allowing the protests, which started on a smaller scale a week ago, to take place and portraying them as proof of its democratic intentions.

readiness to protest peacefully, the public demonstrations are creating dilemmas for other opposition parties. Although on Thursday the parties marched together, the call for the march was given by their Algiers directorship rather than by the national leadership.

The mostly weak and divided legal opposition has often proved eager to compromise with the regime. For example, the government has promoted more moderate Islamist parties such as the Movement for a Peaceful Society (MSP) as an accept-

## Primakov set to boost Russian Mideast role

By Mark Hubbard in Cairo

Yevgeny Primakov, Russia's foreign minister, blamed Israel yesterday for the current crisis in the Middle East peace process and moved Russia closer to playing a more direct diplomatic role in the region.

On the last leg of a six-nation Middle East tour which included a meeting with Benjamin Netanyahu, the Israeli prime minister, Mr Primakov said in Cairo: "It is clear that the present deadlock is the result of the fact that Israel's government has deviated from the agreements and understandings concluded by the previous government."

"There can be no forward movement towards a Middle East peace settlement unless each country complies with the agreements it has concluded with its neighbours," he said.

Russia has stressed the need for simultaneous advances to be made in Israel's separate negotiations on Palestinian self-rule, the withdrawal of Israeli troops from south Lebanon and the return of territory to Syria. Mr Primakov rejected the idea of compromise proposals aimed at overcoming the

current crisis.

Israeli and Palestinian negotiators are due to meet in Washington next week, though both sides are doubtful that any breakthrough is likely.

David Levy, Israel's foreign minister, has not been mandated by the Israeli cabinet to make any commitment on the key Palestinian demands of an end to new Jewish settlement building in Arab areas and an Israeli troop withdrawal from the West Bank.

Yassir Arafat, the president of the Palestinian Authority, has already deemed the discussions "a waste of time".

Mr Primakov's visit follows a call by President Mubarak of Egypt earlier this year for Russia to play a more active role in energising the stalled negotiations, as a counterweight to the perceived pro-Israeli stance of the US. Russia, as an official though marginalised co-sponsor of the process, now appears keen to use its ties in the region to balance US influence.

Russian arms supplies to Iran, its support for a softer approach to Iraq and its close ties with the Syrian military, have been viewed

by observers as clear signs of its wish to cement ties in particular with states with which the US has poor relations.

This week Mr Primakov shuttled between Israel and Syria to carry messages between the two governments.

He has offered Russian participation in the monitoring of areas in southern Lebanon and northern Israel, in which Israeli forces and Hezbollah military units clashed yesterday when Hizbollah killed two Israeli-backed militants and Israel launched its 72nd airbase rocket attack this year inside Lebanon.

Mr Primakov's efforts have also concentrated on restarting Israeli-Syrian discussions, stalled for 18 months, on the return of the Israeli-occupied Golan Heights to Syria.

Syria yesterday strongly denied that it had met Israeli military officials at secret talks in Washington.

Asked whether discussions had taken place, Mr Levy yesterday said: "Along a number of channels, Israel is interested in advancing the peace process with Syria. I can say that the other side is showing great interest."

## Brazil money market calmer

By Geoff Dyer in São Paulo

The Brazilian government succeeded in bringing calm to the currency markets yesterday, after a dramatic doubling in interest rates on Thursday night and a drop of a third in the stock market over the seven days before.

Although the authorities appeared to have restored stability in the short term to Brazil's financial markets, economists sharply reduced their forecasts for economic growth in 1998, an election year.

In a recognition of the seriousness of the speculative pressure on the currency, the central bank increased monthly base rates from 1.53 per cent to 3.05 per cent, which on an annualised basis represented a rise from 20.7 per cent to 43.4 per cent.

By mid-afternoon yesterday, the real had appreciated slightly against the dollar and spreads on Brazilian Brady bonds had narrowed. Analysts estimated that Brazil's international reserves fell by \$5bn-\$7bn last week as the authorities sold dollars to defend the currency.

Economists argue that Brazil's currency is the most vulnerable in the region to a speculative attack, because

of the government's large budget and current account deficits.

Brazil's exchange rate policy of gradual depreciation against the dollar is the centerpiece of its anti-inflation economic strategy.

The São Paulo stock exchange's Bovespa index of leading companies was 1 per cent lower at \$766 points in mid-afternoon, as investors were attracted by the higher returns in the fixed income market. Since trading opened last Thursday, the market has fallen 32.3 per cent.

André Loes, economist at Bozano, Simonsen in Rio de Janeiro, reduced his forecast for 1998 growth from 4 per cent to 2.5 per cent as a result of the interest rate hike. The recent recovery in the civil construction sector could be smothered, he said.

Economists said that higher interest rates would lead to an improvement in the trade balance, because of reduced imports of consumer durables, but could cause the budget deficit to rise to 6 per cent of GDP.

The central bank continued to inject cash into the financial system yesterday by buying short-term paper. On Thursday, the authorities bought back \$1bn of bonds.

## Diego Maradona makes his eighth farewell to football after revival of drug rumours

The great Argentine footballer may really be ready to hang up his boots, this time, writes Jimmy Burns

Diego Maradona, still considered by many as one of the greatest footballers of all time, this week marked his 37th birthday by announcing he was quitting the game.

During one of the most controversial of sporting careers, Maradona has "retired" on seven previous occasions, only to bounce back again in a blaze of publicity. However, there are indications that this time it could really be the end.

"The footballer in me has come to an end. Nobody's sadder than me," Maradona said in a TV broadcast as he prepared for what he called his "saddest birthday". The player told viewers that he had promised his father last month he would quit if ever reports of his long-term drug habit resurfaced.

The Argentine media have been reporting this week that Maradona last Sunday failed his second doping test in less than two months after a lacklustre performance with his team, Boca Juniors. It was reported on Thursday, however, that the test results were negative.

Two factors explain Maradona's survival until now as a player despite a drug habit that had its origins when he played for Barce-

lona from 1982 to 1985.

First, there is his extraordinary physical resilience. This has allowed him to pull back from injury and the brink of self-destruction to produce moments of football magic that have not generally been drug-induced.

The clearest example of this was in the 1986 World Cup in Mexico, where he brilliantly led his team to victory, notwithstanding his infamous "hand of God" goal against England.

Second, Maradona has spent most of his career in his native Argentina, enjoying huge popularity and virtual immunity from any long-term sanction. The Argentine football authorities and the government have rallied around this national hero whenever he has risked international disgrace.

During the 1990s he has been closely identified with the government of President Carlos Menem, whose Peronist party has always claimed the loyalty of most Argentine football fans.

In 1994, after Maradona was thrown out of the World Cup finals in the US after testing positive for a "cocktail" of drugs, President Menem wrote personally to Joao Havelange, president of Fifa,



Hand of God: Diego Maradona makes the sign of the cross while playing in an international match for Argentina

appealing for clemency from football's governing body.

Mr Menem, who fancies his own skills at football, has also been linked to a rather lenient attitude

adopted by his country's judiciary whenever Maradona has found himself before the courts.

Yet lately Maradona's status as a demi-god has come under increas-

ing strain. Friends, club officials, and doctors, have broken a conspiracy of silence to express publicly their fears for Maradona's mental and physical health.

If every comeback has proved a little more difficult, his latest this year has veered between tragedy and farce. Maradona prepared by training with Ben Johnson, the Canadian sprinter stripped of Olympic glory for taking drugs.

Soon after he started playing again with Boca Juniors, Maradona tested positive - only to deny the charge in conspiratorial terms which even some of his own supporters found difficult to take seriously.

Maradona's latest decision to retire follows the Peronists' crushing defeat at last weekend's mid-term elections. The victorious Alliance opposition grouping has campaigned strongly on an anti-corruption ticket that has sent shivers through Argentina's football mafia.

That could mean that Maradona will be able to count on much less protection than he has enjoyed until now. Less clear is what he will do with his life now if he really has quit for good. As the one-time Argentine international coach Cesar Menotti once remarked: "Diego without his football is like a cowboy without his Colt 45."

Jimmy Burns is the author of the biography *The Hand of God* (Bloomsbury).

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## MPs to probe claims on inward investment

By George Parker, Brian Groom and James Buxton

The formula which guarantees Scotland, Wales and Northern Ireland billions of pounds more public spending than England is to come under scrutiny by the Commons Treasury committee for the first time.

The inquiry into the Barnett formula will delight English regional development chiefs, who claim that Scotland and Wales have an unfair advantage in attracting inward investment and in the public service provision.

The Treasury committee has not looked at the formula since it was set up in 1978, and the work could provide ammunition for English MPs who say it is no longer sustainable. Giles Radice, the committee's Labour chairman, said: "There is a feeling that Scotland and Wales are unfairly advantaged. Maybe we will ally some of those fears, or maybe not."

Gordon Brown, the chancellor of the exchequer, has steadfastly defended the formula on the grounds that it will provide a firm financial base for the newly devolved parliament in Scotland and

assembly in Wales. The Treasury said: "It is not something we are looking at currently."

But Mr Brown is facing growing pressure from English Labour MPs, who say the Scots and Welsh are using higher levels of public spending to poach inward investment projects.

MPs from the north-east of England are particularly agitated, arguing that their region is already lagging behind Scotland economically. Earlier this week, Sir George Russell, chairman of the Northern Development Company, called for the formula to be scrapped.

The Barnett formula, named after the 1970s Labour Treasury minister Joel Barnett, was designed to reflect the particular geographical and demographic differences in Scotland, Wales and Northern Ireland.

The Treasury says the formula took into account a sparsity of population, higher levels of mortality and the cost of building roads in remote rural areas. It did not consider economic factors such as the standard of living or gross domestic product. The result is that public spending per head in

Scotland is 23 per cent higher than in England. It is 18 per cent higher in Wales and 30 per cent higher in Northern Ireland.

During the general election, Michael Forsyth, the Conservative Scottish secretary, warned that if Scotland's actual spending needs were reassessed, the Treasury could justify cutting the Scottish Office budget by £2.5bn (£8bn) from £14.5bn. Michael Ancram, the Conservative constitutional affairs spokesman, said it was right to consider whether the formula was working to the advantage of the whole UK.

Development officials in six English regions called yesterday for changes in the distribution of public spending and state aid to industry. John Cope, chairman of Inward, the north-west's investment agency, said the higher levels of public money enjoyed by Scotland and Wales were "disgraceful" and the issue needed to be resolved before devolution was implemented. In the west country counties of Devon and Cornwall, Paul Davies, director of South West Enterprise, called for a royal commission to examine the way government spending was allocated.

## Smoothing ride to market destination

Railtrack may come to rescue of beleaguered London & Continental Railways

London & Continental Railways' hopes of a smooth passage to the stock market have been dashed by a swirl of reports that the £5.4bn (£9bn) high-speed Channel tunnel rail link it is promoting is in trouble. The tunnel joins England and France.

Senior executives of the company have been forced on the defensive over the past few days, issuing denials that the link itself and the flotation planned for the second half of 1998 are in difficulties.

However, moves that could end in a reshaping of the scheme are clearly afoot. Railtrack, the privatised rail infrastructure company, has had two meetings with LCR in recent weeks to discuss if and how it might become involved in the project.

"Our options range from taking the whole lot on (though train operations would be contracted out) to becoming a partner in the project," said Richard Middleton, Railtrack's commercial director. This could include Railtrack taking an equity stake in LCR or cutting a revenue-sharing deal similar to the one signed earlier this month with Virgin Railways. The City is generally keen on the prospect of Railtrack expanding its portfolio. The company has very low gearing of some 20 per cent.

But analysts say this will change as Railtrack steps up large-scale investments and warn there could be a risk of the company overstretching itself if it also wants to play a leading role in the London Underground privatisation. LCR's carefully orchestrated campaign to warm up

the City started well in July with a presentation to analysts. But it hit a rocky patch last month when the company put out the briefest of interim statements.

"There was a successful meeting in the summer but they have lost momentum, putting the flotation in doubt," said one analyst.

Some analysts had expected a meeting with LCR's senior management team on October 15, while others had been awaiting much greater detail on the company's progress.

**Railtrack's options 'range from taking the whole lot on to becoming a partner in the project'**

This presentational mix-up was compounded by reports from Railtrack engineers working with LCR's engineering team that all was not well.

These two events increased the pressure on LCR. But concern has also been building over several months about the performance of the Eurostar train service.

The trains carried 4.54m passengers in the first nine months of 1997, 20 per cent more than in the same 1996 period. But this was still too few to achieve the 6.7m forecast for the year as a whole in a recent forecast by Eurotunnel, operator of the Channel tunnel. Adam Mills, LCR chief

**Eurostar: making the tunnel link**



executive, says revenues have risen faster than passenger numbers because Eurostar is attracting more first-class passengers and selling more full-fare tickets. Despite these assurances,

analysts remain cautious. LCR knew when it won a 999-year concession to build and operate for the 66-mile link between London St Pancras and the Channel tunnel that it was taking on a chal-

lenging task.

The unfortunate precedent of Eurotunnel, which has undergone several financial restructurings, showed the risks of large-scale transport-related construction projects.

LCR has done its utmost to distance itself from Eurotunnel, excluding contractors from its list of founding shareholders and emphasising other differences.

Even so, the size of the fundraising and its complexity, have posed a challenge in themselves. Mr Mills insists that the £3bn capital costs of the project are little changed from estimates of two-and-a-half years ago.

But when contingencies are made for all the risks and working capital and financing costs added in, the total financial requirement rises to £5.4bn. This is to be split into an equity issue of nearly £1bn and a £900m bond issue and £3.5bn of bank debt. To spread the risks, LCR's eight founding shareholders have said they are ready to welcome any partners who can add value.

Supporters of the project believe it will make too important a contribution to the UK transport network to be allowed to fail. The professional reputation of its shareholders - including bankers SBC Warburg, the Bechtel project management group, Virgin and National Express - are also riding on the link.

But there is no denying that the events of the past two weeks have made the promoters' task harder.

**Charles Batchelor**  
**Charis Gresser**

## French utilities group may bid for the 'Tube'

By Virginia Marsh

Compagnie Générale des Eaux, the diversified French utilities group, said yesterday that it would consider bidding for London Underground if the 'Tube' railway system were put up for sale, but stressed that its main interest would be in the operational side.

The government is believed to be considering a structure in which a majority stake in the infrastructure company would be sold to the private sector but a train-operating company could remain publicly owned.

"We are not keen to take on much risk in infrastructure, to become a World Bank type of provider," said Jean-Marie Messier, chairman of the private French group. "Our skill is in operations and services. We will not be interested if the main question is just to buy the infrastructure."

However, Mr Messier said CGE, which already has two rail franchises in the south of England, would consider joining a broader consortium as long as there were a services element.

His comments echo those of Transdev, the French transport company which bought the London United bus company in July. It has said it would be interested in taking over the operation of Underground lines but would seek a partner if they were sold together with the infrastructure.

The government has delayed a decision, partly because John Prescott, the deputy prime minister, would like to maintain a public-sector element.

However, a report for the

government concluded that vital investment in the system could take place only if it were privatised. London Underground estimates that it needs between £1.5bn and £2bn (£2.5bn-£3.5bn) over the next five years to carry out essential improvements to tunnels, stations and electrical systems.

Speaking in London, Mr Messier said there was no cap on CGE's potential investment in the UK, which could run to some hundreds of millions more over the next three to five years on top of the £2bn it has already invested.

Aside from the Conxair rail franchise, CGE's main UK interests to date have been in water and waste and in telecommunications through a 40 per cent stake in General Cable.

Mr Messier declined to comment on whether the group would be interested in buying a regional electricity company, saying the group was "reflecting on its strategy for energy. It is thinking that some regional electricity companies may be coming up for sale as US owners prepare to cash in their investments."

On General Cable, he indicated that CGE might be prepared to dilute its interest as part of consolidation in the highly competitive UK sector. The company said this month that it would make a £35m provision this year to cover write-downs and costs caused by the scaling back of its involvement in delivering television to subscribers.

"We acknowledge that in our other businesses we have a sustainable market share but that this is not the case with General Cable," he said.

## Financier given \$1m bail by US court

By John Mason, Law Courts Correspondent

A New York judge yesterday ruled that Roger Levitt, the disgraced financier, should be freed from prison on bail while the British government continues attempts to extradite him.

The ruling, in the New York district court, followed two days of legal wrangling in the UK courts during which the British government admitted it had made a serious error in its extradition application.

The Department of Trade and Industry is seeking Mr Levitt's extradition on the grounds that he allegedly misled DTI inspectors over his links with a London boxing promotion company, International Boxing Corporation.

"The DTI has admitted in court that it, along with the Home Office, had made an error in the application because the offence of furnishing a false explanation, which breaches the Companies Act, was not a crime for which, under UK law, a person could be extradited."

However, it is nonetheless maintaining its efforts to have Mr Levitt returned, claiming the US authorities are still free under their "liberal" laws and treaty obligations to return him if they wish.

It is understood the US Department of Justice has already indicated to the British authorities that Mr Levitt could be returned to the UK.

Mr Levitt, who was held in the Manhattan Correctional Institute for 10 days, was ordered to be freed on bail of \$1m.

## Conservative caucus to gather support on Emu

By John Kampfer, Chief Political Correspondent

Sir Leon Brittan, European Union vice-president, and Lord Hurd, former Conservative foreign secretary, compounded party leader William Hague's troubles yesterday by backing calls for a debate about the merits of monetary union.

The interventions came in spite of an attempt by the shadow cabinet to rally round the new leader and his stated position of opposing UK participation in a single currency for up to 10 years.

Michael Howard, shadow foreign secretary, criticised Michael Heseltine and Kenneth Clarke, former cabinet colleagues who have taken charge of a pro-European caucus, Conservative Mainstream, within the party. Mr Heseltine was deputy prime minister and Mr Clarke was chancellor of the exchequer in John Major's government.

"Mr Heseltine is using the same arguments which were used to enter the ERM and we know how much damage that did," Mr Howard said.

Mr Hague said he would not allow "a small minority of Conservatives" to "hold our party to ransom", although he reiterated that all backbenchers had a free vote on the issue.

Conservative Mainstream, which claims about a quarter of Conservative backbenchers, is expected to hear more challenges to the shadow cabinet's position on Europe when the group holds its second annual conference next Thursday. Mr Clarke will be among the speakers.

Mr Hague's authority will face a further test when MPs debate the Amsterdam treaty, which was signed by the government in June. As the government published the bill ratifying the treaty, Mr Howard said it marked "an unacceptable step towards an integrated

federal superstate and away from the Conservative vision of an enlarged competitive, decentralised flexible Europe."

Lord Hurd said that while he had never been "enthusiastic" about Emu, the Conservative party "must not pin itself now to a position which might, when the next election comes, turn out to be not so much foolish as incredible."

Sir Leon, in a speech to a Conservative dinner tonight, will argue that "a cross-party coalition for the Euro" would be "the best way to prevent the British debate degenerating into a competitive Dutch auction in Euroscepticism". Tony Blair, the prime minister, has raised the prospect of including centrist figures from other parties such as Mr Clarke and Paddy Ashdown, the Liberal Democrat leader, in a joint pro-Euro campaign.

Editorial comment, Page 7  
Fault line widens, Page 7

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Saturday November 1 1997

## Helmut keeps a seat warm

Perhaps Helmut Kohl, the German chancellor, knows something about British politics that William Hague has yet to learn. For while Mr Hague, the Conservative party leader, was rallying his troops this week to save the pound, Mr Kohl was discreetly preparing for its abolition.

Mr Kohl's effort to keep a seat for the UK on the board of the European central bank shows two things: first a belief that European monetary union will exercise an irresistible attraction for Britain; and second that this will happen sooner than the British Treasury seems to expect.

Mr Kohl's suggestion should focus the attention of the anti-euro warriors on another danger. What if all six seats were filled when Britain did get round to joining Emu? Britain might then have to accept a junior place to, say, Portugal, in Europe's supreme monetary authority. And this would follow a period of steady loss of influence over discussions between the Big Three economic powers - those of the dollar, the yen and the euro.

Such fears doubtless explain why Gordon Brown, the UK chancellor, clothed his statement on Emu on Monday in such fulsome rhetoric. Emu is good, he said, and Britain wants to be in it. That was the message which Mr Kohl has presumably heard and which sent the Tories into another interminable spat.

The small print was rather different. The Treasury's 40-page analysis, which accompanied Mr Brown's statement, is littered with gloomy thoughts about the lack of convergence between the economic cycles in the UK and the continent. Without more synchronisation, it warns, the other benefits could be as nothing. And, getting into the groove of its master's voice, it says this could take some time.

### Important benefits

However, the document also sets out important benefits, especially the boost to investment from low inflation, fewer exchange rate worries and lower interest rates - with perhaps less giddy swings in output growth.

The path towards Emu could itself produce lower and less volatile interest rates. The present 1 percentage point gap between UK and German 10-year bond yields shows that there is still a lot to play for.

The gap dropped sharply from about 1.8 points in May, when the new government put the Bank of England in charge of interest rates; and it fell again this month, when the markets thought the government intended to join the single currency soon after 1999.

### Potential risk

Lower, stabler interest rates in anticipation of Emu could themselves lessen a potential risk of British entry. They could weaken British householders away from floating rate mortgages to fixed rates. The UK's £400bn of mortgage debt, representing 57 per cent of national output, makes its economy more sensitive to interest changes than other European countries.

Further convergence of interest rates would also help the government's finances. James Capel, the broker, estimates that a 1 percentage point reduction in all UK interest rates would save £7bn in interest on the national debt - the equivalent of about 4p of income tax. These, and the advantages of a transparent single market for businesses (particularly in the financial sector) may ultimately be more important than seats at the high table.

If Mr Kohl is right, and Mr Brown is to be taken at his word, what now must be done? Having almost ruled out entry in this parliament, the government may be looking at a date soon after 2002. Its influence over the phasing of the economic cycle by then will be limited, but it can bear down on inflation. Indeed, Mr Brown hinted that he might tighten the inflation target from the present 2½ per cent.

This would suggest higher UK interest rates and perhaps a (temporarily) stronger pound. Painful as this would be in the short term, it would help to bring economic growth down more rapidly to its long term trend rate. Whether or not this helped economic convergence, it would convince the markets that the UK is at last serious about inflation.

This, above all, is the key to joining Emu. It will bring some of the long term benefits identified by the Treasury, whether the UK is in or out. Mr Kohl doubtless hopes that by such means that the UK will follow a parallel course to the Emu countries, and so slide in without a jolt. Then - who knows? - if the Tories shut their eyes, they might not feel a thing.

## Growling at the bears

John Authers explains how US small investors saved the day by seeing this week's stockmarket slide as a buying opportunity

The American small investor may deserve an apology from the world's professional financiers. As the dust settled on Monday, after Wall Street had suffered its worst daily fall in a decade, analysts and dealers appeared to be living in fear of US small savers.

The fear was that those savers would rush out of the market at the first sign of panic, force fund managers to sell shares and convert a correction into a full-blown crash. In the event, they kept their heads while all about them were losing theirs.

Retail investors now have more than \$2.32bn committed to equities through mutual funds - a tenfold increase since the Black Monday crash of October 1987. The first nine months of this year, a net \$176.9bn in new money flowed into these funds.

Arthur Levitt, chairman of the Securities and Exchange Commission and chief regulator of the US securities market, had given voice to this panic scenario as eloquently as anyone. "Investors are not as informed as they should be," he said. "This is especially troubling because most of these new investors have experienced only a bull market. I fear that in a downturn those who don't understand risk may react precipitously and carelessly, at great cost to themselves and our markets."

This was an amplification of an argument first made by Henry Kaufman, a former Salomon Brothers economist, who warned of the dangers of new technology. The internet and the telephone allowed investors to sell their funds swiftly at the first sign of trouble. He argued that this made the situation far more unstable than it had been in 1987.

By the end of the week, America's small investors seemed to have proved such fears groundless. The market remains volatile, but for now savers appear to have comprehensively out-played the professionals at their own game.

While some hedge fund managers saw their funds wiped out overnight, American private investors took Monday's 550-point fall in the Dow Jones Industrial Average as a buying opportunity. Their bullish attitude seems to have been an important factor behind Tuesday's dramatic recovery on Wall Street, which pulled Asian and European stock markets up in its wake.

On Friday last week, and then again on Monday this week, plenty of investors contacted their mutual fund companies. But most investors did nothing.

According to an estimate by Mutual Fund Trivia, a California-based newsletter which tracks investment flows into the mutual fund industry, a net

\$736m was redeemed from US equity funds on Friday of last week and Monday of this. This was a negligible amount for an industry now measuring its assets in trillions of dollars.

The large mutual fund companies confirm this. Fidelity Investments, the biggest with more than \$500bn in mutual fund assets, reported slight net redemptions from equity funds on Monday, as some investors shifted into bonds. But, it said, at no point had its liquidity been tested and redemptions had remained far below levels of cash put aside to cover them. Vanguard, the second-largest fund company, reported heavy telephone call volumes. Its spokesman, with some astonishment, said that by the end of the day its had funds had netted slight inflows.

On Tuesday the market turned as it became clear that small investors, having held firm, were now actively buying. Charles Schwab, the largest US discount broker, recorded its highest ever volume on Tuesday with more than 1m calls in the first two days of the week. While the New York Stock Exchange had double the volume for an average day, Schwab had triple.

Schwab's overnight buy orders for individual equities out-numbered sell orders by three to one. Traditional retail brokers discovered the same phenomenon. One New York broker found 22 messages from clients on his voicemail on Tuesday morning - one in a state of panic and wanting to sell out, the other 21 asking where the best buying opportunities were.

The news from retail investors sparked Tuesday's impressive rally in New York. While volatility has continued, the wholesale "meltdown" has, at least for now, been averted.

So who exactly is the US small investor, and why did he or she play the market so well? This group of people had many different motives and objectives, but two broad stereotypes are discernible.

The first is the mutual fund saver. There are 40m of these. Most of them are "baby-boomers" born in the years after the end of the second world war, according to a comprehensive survey by the Washington-based Investment Company Institute, the trade association for the industry. Two years ago, their median age was 44, and 42 per cent still had dependent children living at home. Their median income was \$60,000.

In surveys, 84 per cent say retirement saving is their main goal. Most of them have more than a decade to wait until retirement, which in the US still seldom comes before the age of 65. As John Collins of the Invest-



ment Company Institute says: "If they are retirement orientated, they have a lot of time on their horizon."

In 1995, the median investor held \$18,000 in three funds, which accounted for 36 per cent of his or her liquid assets. Market gains will have boosted these numbers.

Two-thirds of savers have been investing since before October 1987. According to Mr Collins, the eye-catching tenfold increase in assets since then does not mean that 80 per cent of the money is new to the market: 58 per cent of the gain was created by investment performance.

All the largest fund managers reported record volumes of calls from customers on Monday, with Fidelity alone receiving more

than 700,000. But the majority came from retirement savers checking their balances. "Most of them checked they were still ahead for the year, and then did nothing. We think our investors know what they're doing," says Fidelity.

Across the industry, the helpline, installed to guard against a market dive like Monday's, appear to have achieved their purpose.

The second group of small investors are the so-called "hobbyists" who take advantage of opportunities to trade swiftly and cheaply in equities, using internet trading, 24-hour telephone lines and real-time quotes on cable television.

These investors appear to have

## The savers seized the chance

Investors in Europe seem to have learned, like their US counterparts, that it can pay to indulge in bargain-bunting when the equity markets turn ugly, writes Philip Coggan.

This week has seen no sign of panic selling by private investors and plenty of evidence that small savers are stepping into the breach when professionals run scared. "A lot of clients of independent financial advisers have seen the correction as a buying opportunity - they have bought into the concept that things really are different from 10 years ago," says Rob Page, marketing director at Hill Samuel in London.

There were signs of increased activity. Sharelink, the specialist UK retail stockbroker, said that volumes on Tuesday were 30 per cent higher than normal, and on Wednesday, 15 per cent higher but business was returning to normal by the end of the week. Investors were snapping up those Asian-related stocks, such as HSBC and Cable & Wireless, which had suffered the most in the correction.

Fidelity Brokerage in the UK said that sellers outnumbered buyers by five-to-one but the pattern reversed itself in the afternoon as Wall Street and European markets rallied.

In the rest of Europe the common response seems to have been one of magisterial inactivity. Guinness Flight which runs mutual funds round the world, said that in Europe, activity was quiet, with fewer redemptions than normal. It was a case of "business as usual", said SBC in Basle with no sign of panic.

remained supremely confident throughout Monday's slide. Schwab conducted a random survey of 500 of its callers on Tuesday, and found that 92 per cent of them claimed to have expected a market correction, while 81 per cent planned to buy "more stocks at lower prices".

Such a stalwart attitude notwithstanding, the market has not quite lost its fear of the US small investor. Russ Kinell, head of research at Morningstar, the Chicago-based mutual fund rating agency, suggested a long-term bear market might still create problems. "Everyone's sitting on pretty nice gains now," he says. "My own impression is that you need a real bear market to really shake people's confidence."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938, e-mail: letters.editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

### Talented Tallis so hard on us mortals

From Mr George Mandel.

Sir, Professor Raymond Tallis ("Of Plato, Heidegger, Nietzsche and the meaning of life", 25-26 October) may be an immensely talented fellow, but need he be so hard on the rest of us?

"There are plenty of hours in the day. It's the people who do nothing who never have time for things," he says, thereby inducing in us ordinary mortals feelings of despair, which he then tells us are the result of our laziness, giving a further twist to the downward spiral of our feelings.

Has Prof Tallis, in the course of his vast reading, never come across the saying: "There, but for the grace of God, go I"? He criticises - perhaps rightly - people

in English departments who admire the psychiatrist and critic Jacques Lacan, saying that Lacan sounds terrific to them "because they've never been any where near a psychiatric illness", yet he sounds as though his own attitude to the mentally ill would be to tell them to buck up and be a bit more like Prof Tallis himself.

But just as not all of us have the genius needed to write Hamlet, so not all of us can read as fast as Prof Tallis does; nor do we have his total recall, or the ability to get up at five every morning and read or write while the family is still asleep. (Presumably

the sleeping members of his family are with us among the less advantaged majority.)

In the last resort, though, Prof Tallis's attitude is surely self-defeating: if he can't understand why the effect of the interview on at least one reader was to make him want to curl up and pull the duvet over his head, he'll never understand the human condition even if he's granted twice the 40 more years he demands to do it.

Yours from a foetal position,

George Mandel,  
Ein Karem D-40,  
Jerusalem 95744,  
Israel

### An incentive for nonsense

From Mr John W. Webber.

Sir, Professor Raymond Tallis's excellent neologisms - for example "theorhoo" - prompt me to suggest that there should be some central body for registering such words, valuable as means of defining human phenomena - and combating some that are pernicious.

My personal incentive is that I have had two (potential) orphans in my head for many years and should like to have them fostered for possible use. They are given, with tentative definitions, below.

To illustrate, I believe Freudian theory to be a *nonsensuous* so powerful that 100 years have had to pass before it begins to unravel; and that it was created by *hummentum*, namely an urge to make a name rather than an intention to heal. Now I am delighted to learn of theorhooa,

which was certainly involved.

The proposed Neological Institute could evaluate new specimens, refine definitions, collect examples and aim to get entries into the dictionary for future use. For example:

● **Nonsensuous**: The fervent possession by a group of a belief (or a set of beliefs) which, to an intelligent and dispassionate observer, is clearly untrue.

● **Hummentum**: A force, originating in the personal drives of those engaged in an enterprise, which acts to deflect the work from its original objective.

J. W. Webber,  
606 Grenville House,  
Dolphin Square,  
London SW1V 3LR,  
UK

### Clinton's greenhouse

From Mr Michael Jefferson.

Sir, You reported in your issue of October 23 that President Bill Clinton had been attacked for proposing that the US reduce its greenhouse gas emissions back to 1990 levels within the period 2008-2012.

In fact, this implies a reduction of some 15 per cent from expected 2000 levels, or a reduction of about 1.5 per cent a year.

If the US were to achieve this, and continue on such a trajectory, it would be a real breakthrough.

Michael Jefferson,  
deputy secretary-general,  
World Energy Council,  
34 St James's Street,  
London SW1A 1HD  
UK

### A two-wheeled lifestyle change

From Mr Paul Arlman.

Sir, I very much enjoyed Vicky Carlsand's article "Where owning a car becomes pedestrian" (October 25/26). "Where using a bicycle gives you a competitive edge", this Dutchman would add. It was one of the very few articles to indicate that a somewhat changed lifestyle does bring advantages in terms of transport efficiency as well as monetary rewards.

We - a family of four - managed to share a car (their second) with friends who never needed it at weekends or on holidays, when they used their first car. This was in the early 1980s. When we returned from four years in Washington DC at the end of 1990 and had our fill with cars, we found we could very comfortably do without one entirely (well, nearly; we own a convertible antique VW Bug kept at our house in France). Bicycles, buses and taxis, plus the occasional rental car, do not add up to even one-third of the cost of the company car that I declined.

A cellular phone is of great help. We find we arrive on time more frequently than before and use travel time intensively. We make a point of not asking others to ferry us around.

We realise that our approach is easier here in the flat country of Holland and the manageable city of The Hague than elsewhere. But so few even take the trouble of considering the option.

Paul Arlman,  
Jan van Nassaustraat 33,  
2596 EM The Hague,  
The Netherlands

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\* Source: Morningstar Limited (Central and Eastern Europe Regional Equity): 84d to 84d, and gross income reinvested in 1.55 years. Since fund launch 30.09.96 to 30.09.97, Baring Global Fund Managers Limited.

THE VALUE OF INVESTMENT MAY GO UP OR DOWN AND IS NOT GUARANTEED. A GUIDE TO FUTURE PERFORMANCE.



Britain's regions are squabbling over the distribution of public funds, writes Brian Groom

## The Disunited Kingdom

Britain should be entering an era of decentralised harmony. A month has passed since Scotland and Wales voted for devolution and the government is about to announce plans for regional development agencies in England. Instead, the UK's regions and nations are fighting like ferrets in a sack.

It all began with allegations from English regions that the Welsh Development Agency and Local Enterprise Agency in Scotland, the official inward investment agencies, were poaching jobs – a charge they vehemently denied. Then this week Sir George Russell, chairman of the Northern Development Company, the investment agency for the north-east, threw another rock into the already turbulent pool.

Speaking at the North-East Chamber of Commerce's annual dinner, he complained bitterly that the north was suffering from discrimination in favour of Wales and Scotland.

They enjoyed disproportionate public funding for television, tourism, sports and roads, he argued – and even lottery grants were skewed in their favour. He rallied against the so-called Barnett formula, the system governing the distribution of public money between England, Scotland and Wales.

Under it, Scotland and Wales received respectively 25 per cent and 15 per cent more identifiable government spending per head than England did. Since the formula was introduced 20

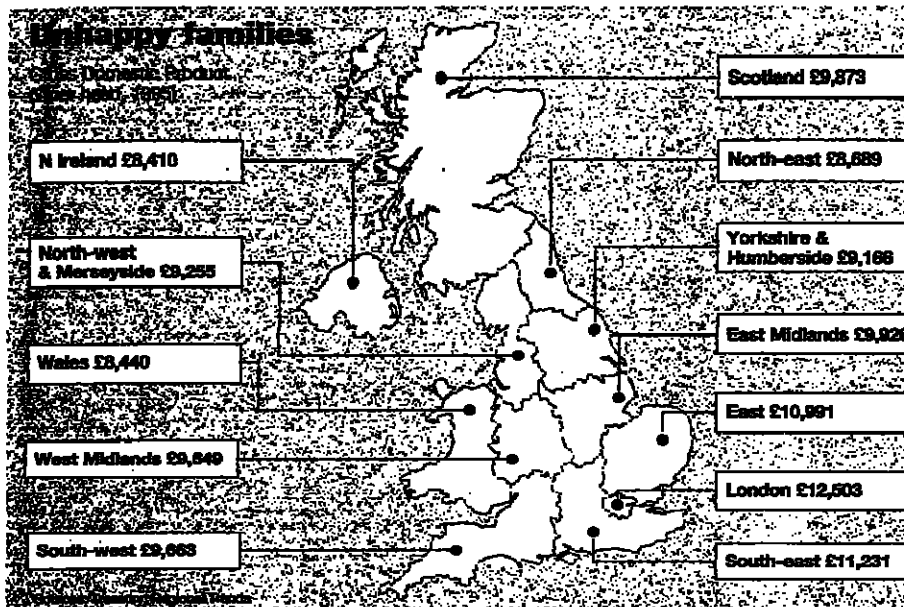
years ago, he said, Scotland had become one of Britain's wealthiest regions, yet the formula had not been altered.

"The Barnett formula is no longer necessary or just," Sir George went on. "Despite our success in recent years, we are now the poorest region of the UK, and state funds should be diverted to English regions such as the north. There should be a conscious effort not just to create a level playing field but to tip the playing field in our direction."

Sir George was saying publicly what many English development officials had hitherto said only in private. His speech provoked a series of calls for changes in the way public spending and aid to industry is distributed, and now the Commons Treasury committee is launching an inquiry into the Barnett formula. "This ferment of controversy presents a formidable challenge to the Labour government's sense of fairness and desire for regional resurgence."

But is Sir George right? From the point of view of the north of England, the answer is yes.

For all its success in attracting foreign investment from Nissan, Fujitsu, Samsung and Siemens, the north-east's GDP per head at 83 per cent of the UK average, is 10th out of 12 UK



regions – ahead only of Wales and Northern Ireland. Twenty-five years ago it was nearly 90 per cent of the UK average.

The north-east has Britain's highest proportion of households dependent on Family Credit or Income Support, and its 8 per cent unemployment rate is topped only by Merseyside. True, it does enjoy the second highest level of public spending per head in England, after the north-west. But all the English regions – averaging £3,749 – are way behind Wales at

£4,514 and Scotland at £4,514 and Northern Ireland at £5,128.

If the case for higher spending is based on need, that would justify a reasonably high share of public spending: the north-east has the lowest GDP per head in mainland Britain, though its unemployment, at 5.9 per cent, is little above the 5.2 per cent UK average.

Scotland has the harder case to defend. Twenty-five years ago its GDP per head was 52 per cent of the UK average by 1995 it was more than 97 per cent, behind London, the south-east, the east-

ern region and the East Midlands. The Barnett formula, created in 1976 by Joel (now Lord) Barnett, then Treasury chief secretary, was based on an assessment of Scotland's needs. Critics say it set spending slightly above what Scotland needed even then – and has become more generous since.

Scotland's declining population has increased the level of spending per head, despite a revision in 1992. Sometimes the relative generosity to Scotland is justified on grounds of its cold climate and sparse popula-

tion, but that does not explain why spending should be above its needs and rising.

Some people justify the spending on different grounds. In March, the pro-independence Scottish National Party scored a hit when it forced the Treasury to accept that if 90 per cent of all revenues were apportioned to Scotland, then the country had contributed a net £27bn to the Exchequer since 1979. The SNP failed, however, to convince people that the surplus continues. Scottish Office statisticians

said that even if all the oil money had gone Scotland's way, the country would still have received £60n more in state funds in 1994-95 than it contributed in tax revenues.

So, if there are widening regional income disparities in the UK and if the Barnett formula is under attack, then how will the government respond? Tony Blair, the prime minister, has ordered Margaret Beckett, the trade and industry secretary, to draw up a "concordat" to prevent wasteful bidding between regions for investment.

She is believed to have proposed that the Department of Trade and Industry's industrial development unit should approve all aid packages, rather than just those for English regions. Civil servants from Northern Ireland, Scotland and Wales would sit on the unit, and serious disputes would be resolved by ministers. This ran into fierce opposition from Ron Davies, the Welsh secretary, and the search is on for a formula that will achieve the same effect without cutting across Scottish and Welsh devolution.

Something is likely to be agreed to meet English complaints. Hidden incentives such as sweeteners for property, roads and training schemes should all be included, say critics. Since everyone is supposed to be

working to common European Union and UK rules, it will be hard to resist calls for the system to be more transparent.

More broadly, the government is reconsidering aid to industry as part of its comprehensive spending review. Regional selective assistance is biased towards Scotland, Wales, and to a lesser extent northern England. Critics say this is 25 years out of date: if aid is to continue, it should be spread more equitably, and become flexible enough to help deprived pockets of the south.

A growing number of voices say Britain should be weaning itself off such subsidies altogether – though it is unclear whether the government review will bring about the state of affairs that such critics desire.

The Barnett formula is the trickiest problem. Having failed to tackle the issue before the referendums in Scotland and Wales, there would be an outcry there if the government changed the rules now. Pressure from England is growing, however, and some Scottish devolutionists privately admit the formula cannot continue much longer without reform. The timing and extent of the changes will be crucial.

The fear is that all this will provoke disillusion with the move towards decentralised government. It was to be expected, perhaps, that it would unleash rivalry as well as creative energy. The test for Britain will be the maturity with which its constituent parts handle the argument.

## Everyone does it

Gwen Robinson on corporate Japan's admission of links with gangsters

These are trying, yet strangely comforting times for corporate Japan. The looming gangster-payoff scandal, which began with the country's top securities houses, has spread far beyond financial circles to drag other prestigious companies into the mud.

Unlike previous scandals, this one shows no signs of abating. After the recent string of high-level resignations and arrests – unprecedented in Japanese corporate history – even the most cynical observers admit that the long-term impact on Japan's shadowy business traditions will be profound.

The latest disclosures about corporate payoffs to *sokaiya*, or racketeers, led to the resignations of two top executives in the Mitsubishi group. Other leading companies, including Toshiba and Hitachi, have been ensnared in the investigation. More will follow. At last count, nearly 20 executives have been arrested, more than 60 have resigned and one committed suicide as a result of recent *sokaiya* investigations.

The police, previously overshadowed by corporate investigators in the Tokyo prosecutor's office, have now weighed in. Last week, they seized files containing evidence linking more than 20 top companies to gangsters. More details are to come.

To legions of Japanese

executives, who have uneasily guarded their sordid dealings with racketeers, the spreading scandal may, paradoxically, be great news. The bright spot in all the muck was highlighted by a senior Japanese banker this week, who remarked: "For the first time, the world is beginning to see, if not quite understand, what every Japanese executive has long known and could not say: everyone does it." Until recently, he said, no one saw much wrong in paying off gangsters, even though it has been illegal since 1952.

In a consensus culture, where every big company nestles in a cosy *keiretsu* web of cross-shareholdings, this is a significant revelation. Only through collective disgrace can companies garner the strength and the will to break entrenched ties with corporate racketeers.

The roots of the *sokaiya* run deep. They are no ordinary thugs, springing as they do from the grey world of corporate ethics and regulations, where rules are imprecise and perpetually broken, and the concept of "face", or appearances, reigns supreme.

For Japanese companies, dealings with *sokaiya* have been like family problems: everyone has them, but never discusses them in public. This sub-species of gangster, often linked with the *yakuza* crime syndicates, came into being in the 1950s at the behest of companies

needing to quell shareholder dissatisfaction.

Companies thrived in a corporate culture dominated by large cross-shareholdings between friendly companies in mutually beneficial long-term deals. In this culture, the rights of individual shareholders were seen as a bad joke, and the average annual meeting lasted less than 20 minutes. But, like Frankenstein's monster, the *sokaiya* have made victims of their creators.

*Sokaiya* worm their way in by buying up small parcels of shares in companies and presenting themselves to management as both a threat and solution. Armed with sensitive information about corporate transgressions or personal indiscretions of senior managers, they extort hush money and payments to quieten troublesome shareholders and ensure smooth proceedings at annual meetings.

At the height of the speculative era in the late 1980s, there were nearly 7,000 full-time *sokaiya*, according to police. Since then, the decline of corporate profitability and a more active stance by the authorities has reduced their numbers to fewer than 2,000. Desperation has sharpened their tactics and their financial literacy. Annual meetings are held under heavy police guard and are scheduled on several days to spread the threat as thinly as possible.

Many leading companies

have *sokaiya* negotiators, executives whose sole role is to deal with extortionists, pay them off and try to use them to the company's advantage. A recent poll by a national newspaper showed that 70 per cent of large companies have had recent dealings with racketeers.

Authorities, who understood the problem as well as their corporate counterparts, turned a blind eye to the practice. A few well-publicised cases led to the outlawing of payments to racketeers in 1982, but penalties were negligible – less than \$3,000 in fines – and few ever went to prison.

Companies that have tried to break their ties with racketeers have rarely got away with it. One Fuji Photo Film executive in charge of dealing with *sokaiya* was, in spite of 24-hour police guard, slashed to death. Another vivid account came to light after the arrest of senior executives of Takashimaya, a Japanese equivalent of Harrods. Details emerged of furtive meetings in toilet blocks, and handovers of paper bags full of cash.

It has taken a long time for government investigators to move on something against *sokaiya* dealings but the initial seizure of documents seized from the big brokers exposed a trail of indiscretions leading from company to company. The big question is whether the recent stream of disclosures

has acquired momentum of its own, and if so, whether the government will hasten the process.

Unintentional or otherwise, the *sokaiya* crackdown coincides with the push for Big Bang reforms, which will require companies to meet international standards of accounting and disclosure. The government is introducing tough new penalties for *sokaiya* dealings. At the same time, falling domestic demand and a lethargic economy are forcing Japanese companies to look overseas. If they are to succeed in further globalisation they know they must be scandal free.

The most important reason behind the changed attitude towards racketeering is a shift in the long-established corporate mindset. In recent months, ritual apologies and resignations by deeply-bowing company chiefs have become standard television fare. Traditionally secretive companies, such as Nomura Securities, have decided to open shareholders' meetings to television cameras and the internet.

In the upper echelons of management, the growing disgrace of the old guard is fuelling the rise of new and comparatively young executives, untainted by old practices and underworld dealings. At least, the result, will force big changes in corporate Japanese culture. At best, it will bring about a revolution.

## Why a rocket helped Europe's star rise again

David Owen on how Ariane 5 consolidated the continent's success in space transport

It has been a long, sometimes agonising, 17-month wait, but Europe finally succeeded this week in re-establishing its space credentials.

Thursday's apparently flawless second mission by Ariane 5, the largest rocket built in western Europe, erased the disappointment of the spectacular failure of the first flight in June last year. That one exploded less than 40 seconds after take-off after a computer software failure.

This week's mission puts the European space industry in a good position to defend its hard-won leadership of the \$3bn-a-year (£1.8bn) commercial satellite-launching market amid intensifying competition.

But the significance of the success extends well beyond the narrow, if strategically important, confines of the space transport sector. Simply stated, the launch provides a dramatic reaffirmation of the value of European teamwork in the sort of high-tech industry in which it too often lags.

As an emotional Alain Bensoussan, president of France's Centre National d'Etudes Spatiales, said minutes after the mission: "This success is Europe's success. Europe is in the lead in space transport. It is not all that often that Europe takes the lead in high-tech."

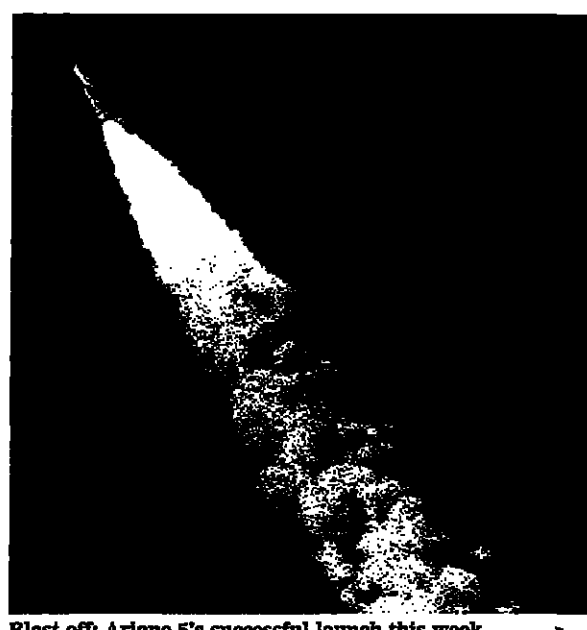
Such success has not come cheaply. The European Space Agency puts the overall development cost of the new rocket, which was originally intended to carry astronauts as well as satellites, at \$2.5bn (£1.3bn).

Furthermore, Ariane-space, the 53-company European consortium that has more than half of the commercial satellite-launching market, still faces a ferocious battle to maintain its market share.

Even under the best circumstances, the first fully commercial Ariane 5 mission will not take place until next year. This would follow a final, partly commercial, test flight in five or six months' time. By then, at least two potentially formidable new competitors may have joined the market.

Boeing of the US says its Delta III rocket – which will have more than twice the payload capacity of its predecessor, Delta II – is on schedule for a first launch in mid-1998.

Meanwhile, the first rocket to be launched by the innovative Sea Launch venture is scheduled to take flight next October from a semi-submersible platform exactly on the equator in the Pacific Ocean.



Blast off: Ariane 5's successful launch this week Reuters

Boeing is heavily involved in this project as well, with a 40 per cent stake. The other shareholders are RSC Energia of Russia with 25 per cent, Kvaerner of Norway (20 per cent) and KB Yuzhmoye/PO Yuzhmash of Ukraine (15 per cent).

The equatorial launch-site should be advantageous because the most important orbits for communications satellites are aligned with the equator. This means the closer to the equator the launch, the less fuel needed to position satellites correctly.

Yet following this week's success, Europe can at least look forward to being equipped with the right tool to defend its current leadership position. It can also reasonably expect it to arrive in full commercial service in time for Ariane-space to exploit fully current high demand for commercial satellite launches.

There seems plenty of business to go around, even given the proliferation of new competition from the US, China and others. But analysts are already warning that this situation will not last for ever. This makes

The launch provides a dramatic reaffirmation of the value of European teamwork in a high-tech industry

it vitally important for Europe's prospects of retaining long-term market leadership that Ariane 5 earns its commercial stripes before competition hots up further in the wake of the anticipated downturn in the satellite market. This week's success clearly increases the chances of that.

The main reason for seeing Ariane 5 as the right tool is that it has the capacity to carry much heavier payloads than Ariane 4, its reliable predecessor. As telecommunications satellites get bigger and bigger, the older rocket is reaching the point where it can no longer carry heavy enough loads for Ariane-space always to be able to launch two satellites at once, an attribute on which its competitiveness depends.

Ariane 5's extra carrying capacity would alleviate this problem. Jean-Marie Luton, Ariane-space's chairman, expects the new rocket to be capable of carrying a payload of seven tonnes in 2000 and possibly eight tonnes by 2003, compared with about 4.8 tonnes for Ariane 4.

He also sees a role for Ariane 5 in launching lightweight, comparatively low-altitude "constellation" satellites, used in mobile telecommunications, for which demand is also rising fast. Europe will still have to battle hard to defend its dominant position. But, for the moment, the pressure is off. It was little wonder, given the tension of the past 17 months, that the dominant emotion on completion of Thursday's mission was relief and not euphoria.

As Mr Bensoussan pointedly observed: "We had to live for a year and a half under the pressure of not having the right to make a mistake."

## John Willman on how an unstable car may badly dent Mercedes' image

Comfort, safety, engineering and quality. Four words that are synonymous with the Mercedes-Benz car marque – or so Daimler-Benz, the German industrial group that owns it, would like us to believe.

Persuading drivers that this is so, however, has become much harder this week, with the news that the company's latest model is prone to tipping over. Fifteen hundred Mercedes A-Class mini-cars have been recalled after the "Baby Benz" flipped over in tests at speeds as low as 60kph (37mph).

The company says it will install an innovative computer system to stabilise the car at a cost of DM100m (£34m) a year. But the publicity has cost Mercedes much more in terms of the damage to its brand, says Brian Boylan of Wolff Olins, the branding consultancy.

"For the first time they have produced a car which can be challenged on the company's core values of safety, engineering and quality," he says. "This is a very serious blow to the brand which is bound to have an impact on other models."

Daimler has been caught out by its attempt to stretch the Mercedes brand down-market. The marque has traditionally been confined to the luxury end of the market, relying on the high standard of its engineering to command a premium price. But maintaining such standards is costly, and inevitably a niche business. Since the early 1980s, the com-

pany has been moving into the family car market, first with its 190 series, then with a people carrier.

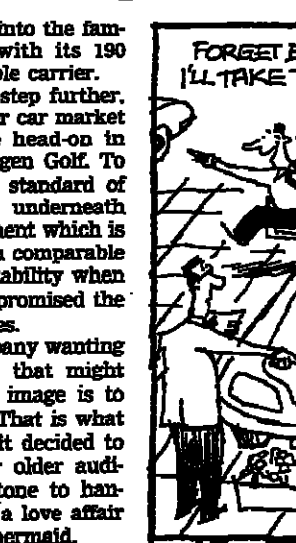
The A-Class is a big step further, into the small commuter car market where it will compete head-on in price with the Volkswagen Golf. To maintain the Mercedes standard of comfort, the engine is underpowered, the passenger compartment which is raised up higher than in comparable cars – creating the instability when cornering that has compromised the brand's other core values.

One option for a company wanting to move into products that might threaten its traditional image is to establish a new brand. That is what Walt Disney did when it decided to produce more films for older audiences, creating Touchstone to handle *Splash!*, the tale of a love affair between a man and a mermaid.

Daimler already has a secondary brand in Smart, the revolutionary minicar it has developed with SMH, the Swiss watches group that makes Swatch. There has been speculation that it would develop other new concept vehicles under the Smart brand.

But for the owner of a world-class brand such as Mercedes, there are powerful arguments for stretching an existing brand that is widely known and admired rather than creating a new one. These include the ability to charge more for the product and ease of securing approval from investors.

Walt Disney, again, exemplifies this policy. In addition to creating a



new brand, it also stretched its traditional one to television, toys and holidays – creating successful premium-priced products in each category.

"Walt Disney is not yet in financial services," says Raymond Perrier of Interbrand, the leading branding consultancy. "But I could imagine it would be able to extend its magic even there."

Perhaps the most successful proponent of brand stretch is Virgin, the UK group that has expanded from music publishing to cinemas, drinks, airlines, railways, financial services and cosmetics. According to

Mr Boylan of Wolff Olins, the secret of Virgin's elasticity lies in the person of Richard Branson, the charismatic founder of the group.

"He is a sort of Robin Hood on the side of the punter against the robber barons seeking to rip them off," he says. "He focuses on complex and expensive products, cuts through the confusion and makes them cheaper and simpler for the consumer."

Mr Perrier of Interbrand agrees: "Richard Branson is a sort of David pitted against Goliath – an outsider who cocks a snook at tradition and is prepared to make mistakes."

And in portraying himself in this way, Mr Branson creates for his Virgin brand the sort of emotional identification in consumers that is the highest prize for the marketers.

"The best brands affect how we see ourselves and reflect our attitude to the world," says Mr Perrier. "They encourage people to say they would rather ally themselves with this company which touches that emotional button rather than with another."

Mercedes had that emotional identification among its customers – not only in its superb German engineering but also for its commitment to their safety and that of their family and friends. Now it is in danger of losing it because of a botched attempt to spread the halo effect to a car apparently unable to perform to such standards. "It is," says Mr Boylan, "a case of brand stretch becoming overstretch."



# Oil traders await news from Iraq

By Gary Mead

Oil markets entered the weekend lacking a clear direction, awaiting firmer news on Iraq's latest bout of shadow-boxing with the United Nations.

Oil prices have gained almost a dollar a barrel since Tuesday, following Iraq's announcement that it would not accept UN members of the UN Special Commission monitoring Iraq's weapons.

On the London International Petroleum Exchange the December contract for Brent crude was 24 cents higher in later trading, at \$30.32 a barrel, while on the New York Mercantile Exchange December crude traded at \$23.34 a barrel, up 12 cents, by midday.

Traders did not anticipate large price increases in the immediate future; the general sentiment was that even a possible cessation of Iraqi oil deliveries under the UN-sponsored "oil-for-food" deal had already been factored into crude's price rise this week.

Gold also ended the week on a nervous note, the London afternoon fix up a penny at \$311.40 per troy ounce, although still well down from Thursday afternoon's \$316.75.

Kaspar Villiger, the Swiss finance minister, on Thursday appeared to backtrack from earlier suggestions that the Swiss National Bank might sell 1,400 tonnes from its total gold reserves of 2,600 tonnes; however some

## BASE METALS

### LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

#### ALUMINIUM, 99.7% Purity (per tonne)

Close 1613.5-14.5 1609-9

1608-8 1604-4

High/Low 1609/1621

AM Official 1603-4 1603-1

Kerb close 1603-4 1603-5

Open Int. 282,185

Total daily turnover 59,422

#### ALUMINIUM ALLOY (per tonne)

Close 1480-85 1483-84

Previous 1475-78 1475-78

High/Low 1475-78 1484-74

AM Official 1475-80 1475-80

Kerb close 5,821

Total daily turnover 2,646

#### LEAD (per tonne)

Close 597.5-8.5 610-1

Previous 598-7 598-600

High/Low 597-80 610/604

AM Official 590-91 604.5-65.0

Kerb close 30,418

Total daily turnover 7,507

#### NICKEL (per tonne)

Close 6220-80 6360-70

Previous 6100-10 6180-200

High/Low 6100-10 6225-35

AM Official 6100-10 6225-35

Kerb close 60,578

Total daily turnover 22,177

#### TIN (per tonne)

Close 5470-80 5485-85

Previous 5450-55 5470-75

High/Low 5450-55 5490-70

AM Official 5450-55 5490-70

Kerb close 15,505

Total daily turnover 2,770

#### ZINC, special high grade (per tonne)

Close 1254-4 1274-7

Previous 1257-9 1257-9

High/Low 1253-9 1262/1268

AM Official 1253-9 1274-7

Kerb close 81,807

Total daily turnover 23,101

#### COPPER, grade A (per tonne)

Close 2012-13 2021-22

Previous 1988-89 1987-88

High/Low 1987/1988 2020/2000

AM Official 1997-98 2005-04

Kerb close 197,718

Total daily turnover 73,104

#### LMSE AM Official 5th 1st 2nd 3rd 4th 5th

LMSE Closing 5th 1st 2nd 3rd 4th 5th

Spot 1578 1st 1577 2nd 1585 3rd 1589 4th

5th 1593

#### NICKEL OUTSIDE THE OTHERS

by far, on news that Norilsk Nickel is planning a significant reconstruction programme, with two large units probably out of production for six months.

Nickel soared on the news by almost \$200, although it came back later to close at \$6,320, \$130 higher than the previous close.

## PRECIOUS METALS continued

### GOLD COMEX (100 Troy oz; \$ per oz)

Nov 211.3 -5.1 - - - - -

Dec 211.1 -5.1 217.9 218.8 212.5

Jan 211.3 -5.2 218.0 212.5 209.2 219.4

Feb 211.3 -5.3 217.0 214.0 21.1 74.0

Mar 211.2 -5.3 216.5 217.0 73.2 11.8

Apr 211.3 -5.4 220.1 218.0 30 45.0

May 211.2 -5.5 220.1 218.0 30 45.0

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May 211.2 -5.5 220.1 218.0 30 45.0

## GRAINS AND OIL SEEDS

### WHEAT LFFE (100 tonnes; \$ per tonne)

Nov 83.25 -0.30 83.25 82.75 43 336

Dec 83.25 -0.30 83.25 82.75 43 336

Jan 83.25 -0.30 83.25 82.75 43 336

Feb 83.25 -0.30 83.25 82.75 43 336

Mar 83.25 -0.30 83.25 82.75 43 336

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Dec 83.25 -0.30 83.25 82.75 43 336

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Jul 83.25 -0.30 83.25 82.75 43 336

Aug 83.25 -0.30 83.25 8



## CURRENCIES AND MONEY

## \$ stays down

## MARKETS REPORT

By Simon Kuper

Exchange rates continued to track stock markets yesterday, with the Brazilian real coming under attack again and the dollar, like Wall Street, barely bouncing. The dollar rose slightly with Asian stock markets, but then gave back its gains when Brazilian stocks slumped and Wall Street opened quiescent.

The dollar closed in London barely changed at ¥120.3 to the yen and DM1.721 to the D-Mark, almost 6 pence down on the week.

Traders shrugged off a stronger than expected 3.5 per cent rise in US gross domestic product for the third quarter.

The main mover among major currencies yesterday was the pound. It rose 1.4 pence against the D-Mark to DM2.886, clawing back some of Thursday's losses.

Pressure on Brazil to devalue continues, even though the country doubled its basic interest rate to 40 per cent on Thursday in an attempt to defend the real's peg to the dollar. Brazil is estimated to have spent \$2bn this week buying the real in the market.

The Bank of Greece raised interest rates for three-day deposits to 150 per cent, in a bid to defend the drachma's peg to the ecu.

**■ Pound to New York**

	Oct 31	Change	Oct 30	High	Low
£100	1.721	+0.002	1.719	1.721	1.717
£1	1.721	+0.002	1.719	1.721	1.717
£1	1.721	+0.002	1.719	1.721	1.717

**■ The Thai baht ended yesterday at the key psychological level of B940 against the dollar, a new record low. Traders are waiting impatiently for Thailand to assemble an economic rescue package. They say the \$23bn package of financial aid arranged by the International Monetary Fund for Indonesia only highlights Thailand's lack of action on its crisis.**

The IMF package is expected to bolster confidence in Indonesia, and thus help the country's stock market. However, Richard Gray, emerging markets economist at Bank of America in London, argues that the rupiah might not rise. He says that now that Asian currencies have tumbled, their governments do not want to see

them bounce much. "This is a competitive devaluation by the south east Asian tigers against China," he says. He predicts that Indonesia will try to use funds from the package to bolster its foreign exchange reserves rather than its currency.

Paul Maggioni, senior currency economist at Deutsche Morgan Grenfell in London, argues that the dollar could suffer from fears over equities even if Wall Street does not slump further. The US

he points out, requires inflows from abroad of \$13bn-\$14bn a month to fund its current account deficit. Even if foreigners keep almost all their existing US stocks, but buy fewer new ones, that would inflate the deficit and thus hit the dollar. Also, he adds, the mere prospect of another fall in stocks has raised the risk premium on the dollar.

Dollar options contracts imply high volatilities, showing that forex traders expect further sparks from stocks.

The drachma has suffered from the global market turmoil. But many have thought the currency was undervalued, given the Greek current account deficit of about 5 per cent of GDP. They think Greece will devalue before entering the European exchange-rate mechanism in 1999, as a prelude to joining monetary union. Mark Geddes, treasury economist at ABN-Amro in London, dismissed talk of a devaluation this week.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## POUND SPOT FORWARD AGAINST THE POUND

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## CROSS RATES AND DERIVATIVES

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## CROSS RATES AND DERIVATIVES

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## CROSS RATES AND DERIVATIVES

Oct 31	Closing	Change	Oct 30	High	Low	One month	Three months	One year	JP Morgan
Oct 31	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Dec	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Mar	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Jun	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721
Sep	1.721	+0.002	1.719	1.721	1.717	1.721	1.721	1.721	1.721

## WORLD INTEREST RATES

MONEY RATES	Oct 31	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate
Belgium	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
France	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Germany	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Ireland	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Italy	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Netherlands	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Spain	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
UK	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Japan	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5

■ LIBOR FT London  
 Interbank (P) 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 US Dollar CDs 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 ECU Linked Dis 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 SDR Linked Dis 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5

## EURO CURRENCY INTEREST RATES

Oct 31	Short term	7 days	One month	Three months	Six months	One year
Belgian Franc	5.5	5.5	5.5	5.5	5.5	5.5
Dutch Guilder	5.5	5.5	5.5	5.5	5.5	5.5
French Franc	5.5	5.5	5.5	5.5	5.5	5.5
Portuguese Esc	5.5	5.5	5.5	5.5	5.5	5.5
Spanish Peseta	5.5	5.5	5.5	5.5	5.5	5.5
Swiss Franc	5.5	5.5	5.5	5.5	5.5	5.5
Italian Lira	5.5	5.5	5.5	5.5	5.5	5.5
German Mark	5.5	5.5	5.5	5.5	5.5	5.5
Austrian Schilling	5.5	5.5	5.5	5.5	5.5	5.5
Scandinavian Krona	5.5	5.5	5.5	5.5	5.5	5.5
Yugoslav Dinar	5.5	5.5	5.5	5.5	5.5	5.5
Czech Koruna	5.5	5.5	5.5	5.5	5.5	5.5
Slovak Koruna	5.5	5.5	5.5	5.5	5.5	5.5
Hungarian Forint	5.5	5.5	5.5	5.5	5.5	5.5
Polish Zloty	5.5	5.5	5.5	5.5	5.5	5.5
Croatian Kuna	5.5	5.5	5.5	5.5	5.5	5.5
Slovenian Tolar	5.5	5.5	5.5	5.5	5.5	5.5
Bulgarian Lev	5.5	5.5	5.5	5.5	5.5	5.5
Romanian Leu	5.5	5.5	5.5	5.5	5.5	5.5
Moldovan Leu	5.5	5.5	5.5	5.5	5.5	5.5
Ukrainian Hryvnia	5.5	5.5	5.5	5.5	5.5	5.5
Georgian Lari	5.5	5.5	5.5	5.5	5.5	5.5
Armenian Dram	5.5	5.5	5.5	5.5	5.5	5.5
Azerbaijani Manat	5.5	5.5	5.5	5.5	5.5	5.5
Abkhazian Tetri	5.5	5.5	5.5	5.5	5.5	5.5
South Ossetian Ruble	5.5	5.5	5.5	5.5	5.5	5.5
Ingush Dinar	5.5	5.5	5.5	5.5	5.5	5.5
Dagestan Ruble	5.5	5.5	5.5	5.5	5.5	5.5
Chechen Ruble	5.5	5.5	5.5	5.5	5.5	5.5
Ingush Dinar	5.5	5.5	5.5	5.5	5.5	5.5
Dagestan Ruble	5.5	5.5	5.5	5.5	5.5	5.5
Chechen Ruble	5.5	5.5	5.5	5.5	5.5	5.5

■ LIBOR FT London  
 Interbank (P) 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 US Dollar CDs 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 ECU Linked Dis 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5  
 SDR Linked Dis 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5

## THREE MONTH EURO CURRENCY FUTURES (LIFE) DM1m points of 100%

Oct 31	Open	Sett	Price	Change	High	Low	Est. vol	Open Int.
Oct 31	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316
Dec	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316
Mar	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316
Jun	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316
Sep	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316
Dec	98.25	98.25	98.25	0.01	98.26	98.24	12,192	45,316



## UNIT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR

CF Shaw Utilities	1,449
Aberdeen Frontier Markets	1,350
Schroder US Smaller Cos Inc	1,334
M&G American Recovery	1,305
Fleming Select American	1,297

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	334
Save & Prosper Gold & Exp	433
Schroder Seoul	471
Save & Prosper Korea	477
Fidelity ASEAN	482

## Fidelity ASEAN



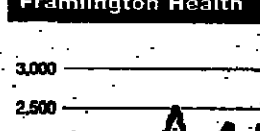
## TOP FIVE OVER 3 YEARS

PM North America Growth	2,482
Hill Samuel US Smaller Cos	2,434
Profitic Technology	2,291
Framlington Health	2,288
Royal Life United States	2,175

## BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	286
Save & Prosper Korea	288
Schroder Seoul	339
Baring Korea	347
Fidelity ASEAN	432

## Framlington Health



## TOP FIVE OVER 5 YEARS

Old Mutual European	3,387
PM North America Growth	3,348
Hill Samuel UK Emerging Cos	3,288
Profitic Technology	3,208
Gartmore UK Smaller Companies	3,160

## BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	334
Old Mutual Thailand Acc	574
Henderson Japan Smaller Cos	745
Save & Prosper Japan Smaller Cos	777
Fidelity Japan Smaller Cos	777

## Save &amp; Prosper Korea



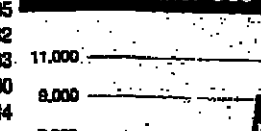
## TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	9,995
F&C US Small Companies	9,582
Gartmore American Emer Gth	7,503
HSBC Hong Kong Growth	7,390
Framlington Health	7,334

## BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	473
Barclays Japan Inc	581
Henderson Japan Smaller Cos	577
M&G Japan & General Acc	714
Baring Japan Sunrise	747

## HS US Smaller Cos



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: REUTERS (Tel: 01625 51131)

## Indices

Indices	1 year (%)	3	5	10	Volatility	Yield
Average Unit Trust	1030	1312	1786	2802	3.1	2.4
Average Investment Trust	1105	1327	2185	3028	4.4	5.0
Bank	1036	1111	1198	1813	0.0	5.5
Building Society	1033	1111	1203	1810	0.0	5.2
Stockmarket: FTSE All-Share	1207	1864	2157	3871	2.2	3.4
Inflation	1036	1089	1143	1556	0.3	-

## UK Growth

UK Growth	1 year (%)	3	5	10	Volatility	Yield
Johnson Fry Soter Growth	1193	2153	2528	4406	3.1	0.9
Old Mutual Growth	1202	1917	2621	-	2.4	0.5
Jupiter UK Growth	1095	1876	2782	-	2.4	1.7
Mercury Recovery	1105	1824	2340	2482	3.0	1.5
River & Mercantile 1st Growth	1198	1821	-	-	2.5	1.0
SECTOR AVERAGE	1099	1527	2032	2644	2.5	1.7

## UK Growth &amp; Income

UK Growth & Income	1 year (%)	3	5	10	Volatility	Yield
Fleming Select UK Income	1266	1782	2436	3018	2.3	3.3
Lazard UK Income & Growth	1170	1707	2118	3332	2.2	2.9
Co-op Pensions Dls	1248	1896	2220	-	2.6	3.0
Henderson Ex Income & Growth	1178	1668	2107	3083	2.2	2.9
Britannia UK General Inc	1196	1667	1980	2800	2.4	2.8
SECTOR AVERAGE	1129	1508	1943	2837	2.3	2.4

## UK Smaller Companies

UK Smaller Companies	1 year (%)	3	5	10	Volatility	Yield
Gartmore UK Smaller Companies	1110	2060	3160	2292	3.3	0.4
Laurence Keen Smaller Cos	1088	1893	-	-	3.0	1.1
AES Smaller Companies	1051	1894	2516	-	2.9	1.2
Britannia Smaller Cos Acc	1130	1821	3021	2632	2.9	0.4
INVESTCO UK Smaller Companies	978	1792	2961	2014	3.8	1.6
SECTOR AVERAGE	1008	1383	2212	2011	3.0	1.6

## UK Equity Income

UK Equity Income	1 year (%)	3	5	10	Volatility	Yield
Jupiter Income	1185	1952	3085	4454	2.2	3.7
Lazard UK Income	1173	1746	2295	3929	2.2	3.7
Britannia High Yield Inc	1138	1653	2338	3386	2.2	3.7
BWD UK Equity Income	1171	1648	2479	2941	2.1	3.6
Newton Higher Income	1234	1837	1903	3079	2.6	5.2
SECTOR AVERAGE	1140	1458	2036	2904	2.3	4.1

## UK Equity &amp; Bond Income

UK Equity & Bond Income	1 year (%)	3	5	10	Volatility	Yield
HSBC High Income	1172	1590	-	-	-	5.1
Profitic High Income	1093	1543	2008	2697	2.1	3.9
Edinburgh High Distribution	1139	1511	1970	2115	2.3	3.8
CIS UK Income	1177	1505	1991	-	2.4	3.6
Midland Monthly Income	1202	1499	-	-	2.0	3.8
SECTOR AVERAGE	1110	1383	1851	2337	1.9	5.1

## UK Eq &amp; Bd

UK Eq & Bd	1 year (%)	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1104	1868	2365	-	2.7	1.2
Perpetual High Income	1151	1591	2432	-	2.0	3.0
Credit Suisse High Income Port	1112	1558	2244	-	2.2	3.9
Canlife Income Dis	1138	1542	1968	2641	1.9	3.0
NPI UK Extra Income Inc	1064	1491	2109	-	2.0	3.2
SECTOR AVERAGE	1101	1479	2040	2806	2.0	2.8

## UK Fixed Interest

UK Fixed Interest	1 year (%)	3	5	10	Volatility	Yield
Aberdeen Fixed Interest	1124	1498	2398	2712	1.5	6.1
Thornion Preference Inc	1133	1481	1734	2518	1.8	7.7
Henderson Preference & Bond	1124	1448	1643	1813	1.4	7.8
M&G Corporate Bond	1165	1442	-	-	1.9	6.3
Profitic Pref & Fixed Interest	1125	1416	1580	-	1.7	6.1
SECTOR AVERAGE	1083	1335	1528	2105	1.6	6.4

## UK Gift

UK Gift	1 year (%)	3	5	10	Volatility	Yield
M&G Gift & Fixed Interest	1145	1379	1428	2024	1.8	5.8
Gartmore PS Fixed Interest	1123	1341	1433	-	1.8	6.5
Murray Acumen Reserve	1099	1329	1420	-	1.5	6.4
Mercury Long-Dated Bond	1128	1327	-	-	2.2	5.3
Schroder Gift & Fixed Int Acc	1073	1299	1362	-	1.8	7.3
SECTOR AVERAGE	1076	1246	1317	1948	1.5	6.7

## International Equity Income

International Equity Income	1 year (%)	3	5	10	Volatility	Yield
GT International Income Inc	1124	1521	1814	3225	2.5	1.9
Martin Currie Int'l Income	1101	1439	1920	-	2.4	3.3
Mayflower Global Income	1106	1409	1887	2471	1.9	2.8
M&G International Income	1087	1381	1824	3127	2.4	3.7
Barclays International Income	1085	1334	1643	2072	2.7	1.3
SECTOR AVERAGE	1089	1370	1753	2510	2.4	2.4

## International Fixed Interest

International Fixed Interest	1 year (%)	3	5	10	Volatility	Yield
Baring Global Bond	1005	1329	1432	-	1.4	4.8
Newton International Bond	1010	1301	1338	-	2.1	4.7
City Financial Backman Int'l	994	1284	1228	1837	2.5	5.0
Old Mutual Worldwide Bond Inc	998	1245	1258	2012	1.7	5.1
Barclays BGI Int'l Fix Int Inc	1021	1236	-	-	1.0	6.0
SECTOR AVERAGE	997	1148	1181	1786	1.8	4.9

## International Equity &amp; Bond

International Equity & Bond	1 year (%)	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1138	1569	2096	-	1.9	2.3
Fleming Global Opportunities	1122	1477	1783	-	1.9	3.0
Newton Intraport	1189	1459	-	-	2.9	1.6
Newton Intraport	1186	1448	-	-	2.5	2.3
Capel-Cure Hallmark Growth	1144	1436	1708	2639	2.4	1.5
SECTOR AVERAGE	1064	1319	1626	2430	2.1	2.2

## International

International	1 year (%)	3	5	10	Volatility	Yield
Profitic Technology	1085	2291	3209	6570	6.4	-
Framlington Health	1067	2268	2441	7394	6.9	-
Save & Prosper Financial Secs	1203	2004	2840	4415	3.0	1.3
Framlington Financial	1224	1893	2708	5569	3.0	0.9
Henderson Global Technology	1096	1775	2601	6162	6.6	-
SECTOR AVERAGE	1049	1280	1767	2836	3.3	0.9

## Nth America

Nth America	1 year (%)	3	5	10	Volatility	Yield
PM North America Growth	1241	2492	3348	6468	4.4	0.1
Hill Samuel US Smaller Co's	1093	2434	2858	9985	5.1	-
Royal Life United States	1206	2175	2976	5331	3.8	0.2
Kleinwort Benson Amer Small Co	1175	2159	2291	4533	4.6	-
Henderson American Smaller Cos	1157	2115	2774	6384	5.1	-
SECTOR AVERAGE	1163	1773	2121	4514	4.1	0.4

## Europe

Europe	1 year (%)	3	5	10	Volatility	Yield
Jupiter European	1091	1979	2928	4329	3.0	0.2
Baring European Select	1132	1968	2856	3481	3.4	0.8
Threadneedle Euro Sel Gt Acc R	1189	1882	2739	3554	3.8	0.1
INVESTCO European Growth	1135	1844	2896	4129	3.8	-
Friends Prov European Gth	1167	1813	2838	3811	3.0	-
SECTOR AVERAGE	1118	1519	2127	3447	3.2	0.6

## Japan

Japan	1 year (%)	3	5	10	Volatility	Yield
GT Japan Growth	910	942	1447	1637	3.6	-
Martin Currie Japan	899	893	1484	-	5.5	-
Newton Japan	942	852	1306	1349	5.2	-
Sallie Gifford Japan	901	839	1216	1476	5.4	-
Murray Japan Growth	922	834	1204	-	4.8	-
SECTOR AVERAGE	766	861	1040	1141	5.4	0.6

## Far East inc Japan

Far East inc Japan	1 year (%)	3	5	10	Volatility	Yield
AIB Govest Greater China	890	1034	1848	3522	5.0	-
Britannia Managed Portfolio Inc	869	895	1183	1234	3.7	3.5
Perpetual Far East Growth	785	810	1648	2872	3.6	0.7
United Friendly Far Eastern	781	814	1259	-	4.0	0.7
Martin Currie Far East	810	812	1303	2128	5.0	-
SECTOR AVERAGE	735	715	1181	2043	4.6	0.6

## Far East exc Japan

Far East exc Japan	1 year (%)	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	972	1478	2178	7390	6.5	0.1
Friends Prov Australian	944	1241	1896	4239	4.0	-
Edinburgh Hong Kong & China	1023	1217	1724	5194	6.4	0.2
Old Mutual New Zealand	842	1121	1776	-	3.5	1.8
Old Mutual Hong Kong	817	1075	1839	5388	6.5	0.6
SECTOR AVERAGE	678	711	1195	3358	5.6	0.8

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

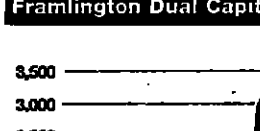
## TOP FIVE OVER 1 YEAR

Scottish National Capital	3,448
Framlington Dual Capital	2,877
Furum Capital	2,580
Schroder Split Fund Capital	2,167
Johnson Fry Utilities	1,872

## BOTTOM FIVE OVER 1 YEAR

East German	283
Aberdeen New Thai	376
Schroder Korea Fund	423
Siam Selective Growth	434
Pacific Assets	473

## Framlington Dual Capital



## TOP FIVE OVER 3 YEARS

TR Technology B	4,119
Scottish National Capital	3,125
Foreign & Col Enterprise	2,542
Candover	2,379
Gartmore Scotland Capital	2,114







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10th Nov 97			11th Nov 97			12th Nov 97			13th Nov 97			14th Nov 97			15th Nov 97			16th Nov 97			17th Nov 97			18th Nov 97			19th Nov 97			20th Nov 97			21st Nov 97			22nd Nov 97			23rd Nov 97			24th Nov 97			25th Nov 97			26th Nov 97			27th Nov 97			28th Nov 97			29th Nov 97			30th Nov 97			1st Dec 97			2nd Dec 97			3rd Dec 97			4th Dec 97			5th Dec 97			6th Dec 97			7th Dec 97			8th Dec 97			9th Dec 97			10th Dec 97			11th Dec 97			12th Dec 97			13th Dec 97			14th Dec 97			15th Dec 97			16th Dec 97			17th Dec 97			18th Dec 97			19th Dec 97			20th Dec 97			21st Dec 97			22nd Dec 97			23rd Dec 97			24th Dec 97			25th Dec 97			26th Dec 97			27th Dec 97			28th Dec 97			29th Dec 97			30th Dec 97			31st Dec 97			1st Jan 98			2nd Jan 98			3rd Jan 98			4th Jan 98			5th Jan 98			6th Jan 98			7th Jan 98			8th Jan 98			9th Jan 98			10th Jan 98			11th Jan 98			12th Jan 98			13th Jan 98			14th Jan 98			15th Jan 98			16th Jan 98			17th Jan 98			18th Jan 98			19th Jan 98			20th Jan 98			21st Jan 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98			4th Apr 98			5th Apr 98			6th Apr 98			7th Apr 98			8th Apr 98			9th Apr 98			10th Apr 98			11th Apr 98			12th Apr 98			13th Apr 98			14th Apr 98			15th Apr 98			16th Apr 98			17th Apr 98			18th Apr 98			19th Apr 98			20th Apr 98			21st Apr 98			22nd Apr 98			23rd Apr 98			24th Apr 98			25th Apr 98			26th Apr 98			27th Apr 98			28th Apr 98			29th Apr 98			30th Apr 98			1st May 98			2nd May 98			3rd May 98			4th May 98			5th May 98			6th May 98			7th May 98			8th May 98			9th May 98			10th May 98			11th May 98			12th May 98			13th May 98			14th May 98			15th May 98			16th May 98			17th May 98			18th May 98			19th May 98			20th May 98			21st May 98			22nd May 98			23rd May 98			24th May 98			25th May 98			26th May 98			27th May 98			28th May 98			29th May 98			30th May 98			31st May 98			1st Jun 98			2nd Jun 98			3rd Jun 98			4th Jun 98			5th Jun 98			6th Jun 98			7th Jun 98			8th Jun 98			9th Jun 98			10th Jun 98			11th Jun 98			12th Jun 98			13th Jun 98			14th Jun 98			15th Jun 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Jan 99			21st Jan 99			22nd Jan 99			23rd Jan 99			24th Jan 99			25th Jan 99			26th Jan 99			27th Jan 99			28th Jan 99			29th Jan 99			30th Jan 99			31st Jan 99			1st Feb 99			2nd Feb 99			3rd Feb 99			4th Feb 99			5th Feb 99			6th Feb 99			7th Feb 99			8th Feb 99			9th Feb 99			10th Feb 99			11th Feb 99			12th Feb 99			13th Feb 99			14th Feb 99			15th Feb 99			16th Feb 99			17th Feb 99			18th Feb 99			19th Feb 99			20th Feb 99			21st Feb 99			22nd Feb 99			23rd Feb 99			24th Feb 99			25th Feb 99			26th Feb 99			27th Feb 99			28th Feb 99			29th Feb 99			1st Mar 99			2nd Mar 99			3rd Mar 99			4th Mar 99			5th Mar 99			6th Mar 99			7th Mar 99			8th Mar 99			9th Mar 99			10th Mar 99			11th Mar 99			12th Mar 99			13th Mar 99			14th Mar 99			15th Mar 99			16th Mar 99			17th Mar 99			18th Mar 99			19th Mar 99			20th Mar 99			21st Mar 99			22nd Mar 99			23rd Mar 99			24th Mar 99			25th Mar 99			26th Mar 99			27th Mar 99			28th Mar 99			29th Mar 99			30th Mar 99			31st Mar 99			1st Apr 99			2nd Apr 99			3rd Apr 99			4th Apr 99			5th Apr 99			6th Apr 99			7th Apr 99			8th Apr 99			9th Apr 99			10th Apr 99			11th Apr 99			12th Apr 99			13th Apr 99			14th Apr 99			15th Apr 99			16th Apr 99			17th Apr 99			18th Apr 99			19th Apr 99			20th Apr 99			21st Apr 99			22nd Apr 99			23rd Apr 99			24th Apr 99			25th Apr 99			26th Apr 99			27th Apr 99			28th Apr 99			29th Apr 99			30th Apr 99			1st May 99			2nd May 99			3rd May 99			4th May 99			5th May 99			6th May 99			7th May 99			8th May 99			9th May 99			10th May 99			11th May 99			12th May 99			13th May 99			14th May 99			15th May 99			16th May 99			17th May 99			18th May 99			19th May 99			20th May 99			21st May 99			22nd May 99			23rd May 99			24th May 99			25th May 99			26th May 99			27th May 99			28th May 99			29th May 99			30th May 99			31st May 99			1st Jun 99			2nd Jun 99			3rd Jun 99			4th Jun 99			5th Jun 99			6th Jun 99			7th Jun 99			8th Jun 99			9th Jun 99			10th Jun 99			11th Jun 99			12th Jun 99			13th Jun 99			14th Jun 99			15th Jun 99			16th Jun 99			17th Jun 99			18th Jun 99			19th Jun 99			20th Jun 99			21st Jun 99			22nd Jun 99			23rd Jun 99			24th Jun 99			25th Jun 99			26th Jun 99			27th Jun 99			28th Jun 99			29th Jun 99			30th Jun 99			1st Jul 99			2nd Jul 99			3rd Jul 99			4th Jul 99			5th Jul 99			6th Jul 99			7th Jul 99			8th Jul 99			9th Jul 99			10th Jul 99			11th Jul 99			12th Jul 99			13th Jul 99			14th Jul 99			15th Jul 99			16th Jul 99			17th Jul 99			18th Jul 99			19th Jul 99			20th Jul 99			21st Jul 99			22nd Jul 99			23rd Jul 99			24th Jul 99			25th Jul 99			26th Jul 99			27th Jul 99			28th Jul 99			29th Jul 99			30th Jul 99			31st Jul 99			1st Aug 99			2nd Aug 99			3rd Aug 99			4th Aug 99			5th Aug 99			6th Aug 99			7th Aug 99			8th Aug 99			9th Aug 99			10th Aug 99			11th Aug 99			12th Aug 99			13th Aug 99			14th Aug 99			15th Aug 99			16th Aug 99			17th Aug 99			18th Aug 99			19th Aug 99			20th Aug 99			21st Aug 99			22nd Aug 99			23rd Aug 99			24th Aug 99			25th Aug 99			26th Aug 99			27th Aug 99			28th Aug 99			29th Aug 99			30th Aug 99			31st Aug 99			1st Sep 99			2nd Sep 99			3rd Sep 99			4th Sep 99			5th Sep 99			6th Sep 99			7th Sep 99			8th Sep 99			9th Sep 99			10th Sep 99			11th Sep 99			12th Sep 99			13th Sep 99			14th Sep 99			15th Sep 99			16th Sep 99			17th Sep 99			18th Sep 99			19th Sep 99			20th Sep 99			21st Sep 99			22nd Sep 99			23rd Sep 99			24th Sep 99			25th Sep 99			26th Sep 99			27th Sep 99			28th Sep 99			29th Sep 99			30th Sep 99			1st Oct 99			2nd Oct 99			3rd Oct 99			4th Oct 99			5th Oct 99			6th Oct 99			7th Oct 99			8th Oct 99			9th Oct 99			10th Oct 99			11th Oct 99			12th Oct 99			13th Oct 99			14th Oct 99			15th Oct 99			16th Oct 99			17th Oct 99			18th Oct 99			19th Oct 99			20th Oct 99			21st Oct 99			22nd Oct 99			23rd Oct 99			24th Oct 99			25th Oct 99			26th Oct 99			27th Oct 99			28th Oct 99			29th Oct 99			30th Oct 99			31st Oct 99			1st Nov 99			2nd Nov 99			3rd Nov 99			4th Nov 99			5th Nov 99			6th Nov 99			7th Nov 99			8th Nov 99			9th Nov 99			10th Nov 99			11th Nov 99			12th Nov 99			13th Nov 99			14th Nov 99			15th Nov 99			16th Nov 99			17th Nov 99			18th Nov 99			19th Nov 99			20th Nov 99			21st Nov 99			22nd Nov 99			23rd Nov 99			24th Nov 99			25th Nov 99			26th Nov 99			27th Nov 99			28th Nov 99			29th Nov 99			30th Nov 99			1st Dec 99			2nd Dec 99			3rd Dec 99			4th Dec 99			5th Dec 99			6th Dec 99			7th Dec 99			8th Dec 99			9th Dec 99			10th Dec 99			11th Dec 99			12th Dec 99			13th Dec 99			14th Dec 99			15th Dec 99			16th Dec 99			17th Dec 99			18th Dec 99			19th Dec 99			20th Dec 99			21st Dec 99			22nd Dec 99			23rd Dec 99			24th Dec 99			25th Dec 99			26th Dec 99			27th Dec 99			28th Dec 99			29th Dec 99			30th Dec 99			31st Dec 99			1st Jan 00			2nd Jan 00			3rd Jan 00			4th Jan 00			5th Jan 00			6th Jan 00			7th Jan 00			8th Jan 00			9th Jan 00			10th Jan 00			11th Jan 00			12th Jan 00			13th Jan 00			14th Jan 00			15th Jan 00			16th Jan 00			17th Jan 00			18th Jan 00			19th Jan 00			20th Jan 00			21st Jan 00			22nd Jan 00			23rd Jan 00			24th Jan 00			25th Jan 00			26th Jan 00			27th Jan 00			28th Jan 00			29th Jan 00			30th Jan 00			31st Jan 00			1st Feb 00			2nd Feb 00			3rd Feb 00			4th Feb 00			5th Feb 00			6th Feb 00			7th Feb 00			8th Feb 00			9th Feb 00			10th Feb 00			11th Feb 00			12th Feb 00			13th Feb 00			14th Feb 00			15th Feb 00			16th Feb 00			17th Feb 00			18th Feb 00			19th Feb 00			20th Feb 00			21st Feb 00			22nd Feb 00			23rd Feb 00			24th Feb 00			25th Feb 00			26th Feb 00			27th		
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### Offshore Insurances and Other Funds

### Offshore Insurances and Other Funds

1. **Planning Stage:** requires  
 2. **Execution Stage:** requires

[illegible]















## WORLD STOCK MARKETS

Highs &amp; Lows shown on a 52 week basis

## NORTH AMERICA

Dow Jones (Oct 31 / US\$)

Oct 31

Oct 30

Oct 29

Oct 28

Oct 27

Oct 26

Oct 25

Oct 24

Oct 23

Oct 22

Oct 21

Oct 20

Oct 19

Oct 18

Oct 17

Oct 16

Oct 15

Oct 14

Oct 13

Oct 12

Oct 11

Oct 10

Oct 9

Oct 8

Oct 7

Oct 6

Oct 5

Oct 4

Oct 3

Oct 2

Oct 1

Oct 31

Oct 30

Oct 29

Oct 28

Oct 27

Oct 26

Oct 25

Oct 24

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## WORLD STOCK MARKETS

## Dow ahead as investors target techs

## AMERICAS

US shares had their most sober morning of the week as sentiment steadied and investors put in tentative buying orders, writes John Lasker in New York.

The wild swings that have been a regular feature of recent trading were replaced by a more cautious stance. By early afternoon the Dow Jones Industrial Average had gained 33.89 or 0.46 per cent to 7,415.58.

The broader Standard & Poor's 500 index put on 8.50 at 912.18. Technology shares continued to motivate most of the action. The Nasdaq composite index was up 18.18 or more than 1 per cent at 1,589.59.

By midday the Dow was trading by some 300 points or 3.8 per cent on the week, largely as a result of Monday's 554 plunge. Its sharpest ever one-day points loss and 12th worst decline in percentage terms.

Yesterday's return to stability suggested to some analysts the market may have reached bottom for the time being. "We may be through the worst part of the psychological hit on the market from the Asian crisis," said Hugh Johnson at First Albany. "But now there's another issue for the US

stock market, in terms of Asian policy changes and what happens with the Japanese banking system."

These factors will have a greater influence on trading than they had in the past, Mr Johnson suggested.

Major technology shares moved strongly higher as investors returned to semiconductor producers and computer makers. Intel rose \$14 at \$77 while Compaq Computer rose nearly 4 per cent to \$69.18.

Tobacco shares surged on the news that RJR Nabisco had won a closely-watched lawsuit. RJR rose more than 4 per cent to \$14.81 while Philip Morris gained \$14 to \$40.

TORONTO was supported by a number of strong earnings stories and leading indices ended the morning session comfortably ahead. The 300 composite index was up 17.42 at 6,800.80 by noon.

Air Canada jumped 55 cents to C\$13.95 following upbeat third-quarter earnings and Petro-Canada surged C\$1.20 to C\$28.55 after third-quarter earnings per share shot ahead from 8 cents to 27 cents.

Banks were relatively subdued. Bank of Montreal added 20 cents to C\$60.80 and Toronto-Dominion Bank improved 15 cents to C\$50.55.

## São Paulo falls back

SAO PAULO surged strongly in the first hour or so of trading, but fell back just as rapidly thereafter. "The sellers did not hesitate once the market clawed back above 9,500. We're still swinging about wildly," said one broker.

At midsession the Bovespa index was off 176 or 2 per cent at 8,679. The index tumbled almost 10 per cent on Thursday following a steep rise for local interest rates.

MEXICO CITY also moved lower at midday as the IPC index followed up Thurs-

day's 3.4 per cent setback with a further decline of 49.87 or 1.08 per cent to 4,579.63. Volume was thin at 41m shares.

Buenos Aires provided the main contrast to the gloom across the region, rising strongly from the 1997 lows reached on Thursday. At midsession, the Merval index was 5.89 or 1.4 per cent higher at \$40.08.

SANTIAGO was flat at midsession as investors kept one eye on Wall Street and the other on Brazil. The IPSA index was virtually static at 117.2.

## EUROPE

Most bourses rounded off a frenetic week in subdued mood. In PARIS the CAC 40 index ended 0.17 lower at 2,788, more or less where it stood at noon.

The day was not without its brighter features. Sanofi, already buoyed by US approval for a heart drug, came in for additional demand on talk of Aquitaine was testing up the sale of its controlled stake in the company. The shares added FF14.00 to FF154.8 for a 10 per cent gain on the week. Elf softened FF1.00 to FF714.

Rhône-Poulenc rose FF11.4 or 4.8 per cent to FF251.50 following analysts' upgrades in the wake of Thursday's strong third-quarter results. CSF lifted its earnings estimate for 1996 to FF11.44 a share from an earlier FF11.05.

Casino was again active, rising FF5.00 to FF320 amid speculation that the takeover battle between Promodes and Rallye may have further to run. Promodes added FF17.00 to FF187.8.

FRANKFURT ended a nervous day with the Ibis-indicated DAX index 4.78 higher at 3,753.66. Volumes were low. "Nobody wants to carry a big position over the weekend," said Rüdiger Hinkel at Deutsche Bank.

Following Thursday's slump in Brazil, stocks seen as vulnerable to a Latin American downturn came under pressure. Mannesmann, the engineering group, fell DM8 to DM725, while MAN dropped DM5 to DM519. Carnacker Volkswagen, for which Latin America is a big market, lost DM10 at DM1,019.



Investors and analysts gathered around a table in a busy financial environment.

Amsterdam absorbed a shakeout for Hoogovens and KNP BT with ease to end a

Hugo Boss was back in favour after last week's sell-off on Asian worries. The stock rose DM100 to DM2,200 on strong nine-month results and an upgrade from BNP.

Deutsche Bank was heavily traded after it said it had made a bid for NatWest's securities business. The shares rose 65 pf to DM112.80 on news that NatWest had rejected the bid.

ZURICH recovered 1.8 per cent helped by strong gains for ABB and Sulzer, while Surveillance, the testing and inspection group, added 50 francs to SF2,700 on news of a plan to buy back up to 15 per cent of its capital. The SMI index gained 96.3 to 5,467.2.

AMSTERDAM absorbed a shakeout for Hoogovens and KNP BT with ease to end a

THE WEEK'S CHANGES

	% Change
Amsterdam	-3.3
Frankfurt	-5.8
Milano	-4.0
Paris	-0.2
Stockholm	-3.6
Zurich	-4.0

## FTSE Averages Share indices

October 31	Index	Change	% Change	Yield	Dividend	Total return
FTSE 100	5,467.2	+96.3	+1.8	3.72	2.45	6.17
FTSE 250	1,008.26	+0.41	+0.04	3.72	2.45	6.17
FTSE 100	5,467.2	+96.3	+1.8	3.72	2.45	6.17

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## Hong Kong rallies as buyers seek out redchips

## ASIA PACIFIC

The Nikkei hit a low for the year of 16,082.82 at one stage. The broader-based Topix index added 1.81 to 1,277.12, and the capital-weighted Nikkei 300 index eased 0.30 to 2,480.03. In London, the ISE-Nikkei 60 index rose 13.00 to 1,432.56.

Bargain-hunters were in evidence when the Nikkei sank towards the closing bell, notably among domestic funds, while foreign investors remained steady sellers.

Sea transport was the strongest sector, gaining 4.1 per cent on rumours that leading share Mitsui OSK would resume dividends this year after a five year gap. OSK rose Y18 at Y193. Among other shipping groups, Kawasaki Kisen gained Y10 to Y161 and Nippon Yusen moved ahead Y8 to Y430.

Japan Airlines was one of the day's biggest gainers, climbing Y26 or 6.3 per cent at Y436 after releasing

strong interim results on Thursday. All Nippon Airways, which reported lower profits, was unchanged at Y600.

Mitsubishi Heavy Industries and Kawasaki Heavy Industries both set new lows for the year after releasing disappointing interim results. Mitsubishi Heavy ended Y29 lower at Y2,480, while Kawasaki Heavy dropped Y26 or 8.5 per cent to Y280.

Volume increased to about 473m shares while rising stocks outnumbered fallers by 768 to 353. In Osaka, the OSE index firmed 40.15 to 17,428.12 in volume of 22.9m shares. SEIOUL ended a dismal October with stocks in full retreat. Instability in the currency market helped 10 per cent of the composite index, making an overall loss of 27 per cent for the month.

The won's 4 per cent fall against the dollar this week was the key feature, with

foreigners said to be dumping shares on fears of further devaluation. The Korean currency has depreciated 12 per cent against the dollar this year.

Liquid blue-chip shares were again in the firing line. Korea Electric Power ended

THE WEEK'S CHANGES

	% Change
Bangkok	-9.5
Hong Kong	-4.7
Jakarta	+2.0
Kuala Lumpur	-4.0
Manila	-1.6
Seoul	-17.5
Singapore	-2.0
Sydney	-3.8
Tokyo	-5.2
Wellington	-4.6

at its limit low for the second day running, down 1,100 won at 13,700 won. Daewoo Electronics fell 80 won to 5,210 won.

Korean Air was hit by rumours of foreign exchange losses, after reports of problems with dollar-denomi-

nated loans taken out to buy aircraft. The shares fell 650 won to their daily limit low of 7,590 won.

The composite index ended 14.28 lower at 470.79. Volume was 50.7m shares, against 63.6m traded on Thursday.

JAKARTA closed slightly lower as investors took profits after the government announced it had reached agreement with the IMF over an economic package.

The composite index ended 2.45 lower at 500.42, having reached a high of 511.67 earlier. Analysts reported selling targeted at blue chips.

BANGKOK ended in positive territory after five successive days of falls. The composite index finished 2.12 higher at 447.21.

Dealers reported interest in banks after positive economic data, and the banking sector gained 1.2 per cent.

SYDNEY gained ground in

## European series

October 31	Index	Change	% Change	Yield	Dividend	Total return
FTSE 100	5,467.2	+96.3	+1.8	3.72	2.45	6.17
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exposures to Latin America were targeted. Banco Bilbao Vizcaya fell Ptas125 to Ptas3,990 and Banco Santander Ptas40 to Ptas4,075. Leisure group Sol Melia, which runs hotels in the region, lost Ptas145 to Ptas4,395.

Toll motorways operator Aumar bucked the trend, rising Ptas125 to Ptas2,280, following a government decision to extend its concession period by 13 years in return for a tariff cut.

MILAN ended just in positive territory, helped by Wall Street. The Mibtel index closed 69 higher at 14,764.

Latin America was again a feature, with Fiat, which has a big presence there, falling 1,155 to 1,537.1. Bulgari extended yesterday's losses, dropping 1,223 to 1,263 on emerging markets worries.

Telecom Italia was a high-light after the company publicly mulled converting its savings shares into common shares. Telecom Italia's ordinary shares gained 130 to 1,050, while savings shares rose 1,423 to 1,618.

Written and edited by Jeffrey Brown, Jonathan Ford and Steve Conn.

reaction to the upturn in Hong Kong. The All Ordinaries index ended up 28.7 or 1.2 per cent at its session high of 2,464.8. Both golds and banks rose 2.5 per cent.

Talk that NAB saw St George Bank as a bid target hoisted the latter 43 cents or 5.3 per cent to A\$8.61. News Corp added 21 cents to A\$6.81.

SOUTH AFRICA

A bear squeeze in the futures pits was said to be the driving force behind a steep rise for the cash market in Johannesburg, where the all-share index surged 294.2 or 4.7 per cent to 6,589.1 in active trade.

Industrials climbed 305.7 to 8,130.4 and golds, underpinned by the steeper bullion price, put on 39.5 to 896.5. Among leading stocks, Anglo American bounced R12 or 6.2 per cent to R207.

## LONDON STOCK EXCHANGE - DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by the London Stock Exchange Information Service. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday. They are not in order of execution but in ascending order of the day's highest and lowest prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded prices in the four previous days is given with the relevant date. The size of individual deals is rounded to the nearest thousand and represented within parentheses, where available. \* Bargains at special prices. \* Bargains done the previous day.

## Corporation and County

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## UK Public Bonds

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## COMPANIES AND FINANCE

In identical statements, accountants rule themselves out of merger wave sweeping the Big Six

## Andersen and Deloitte vow to stay single

By Clay Harris

Andersen Worldwide and Deloitte & Touche came together yesterday, but only long enough to rule themselves out of the merger wave sweeping the Big Six world accountancy firms.

In identical statements, they dismissed as "totally false" reports they had engaged in merger discussions. Each said: "We are not interested in entering any global merger discussions."

Both are now openly pursuing a different course, hoping to pick up clients and staff, and even dissident "crown jewel" national firms, as their four global rivals merge into two.

Jim Wadia, worldwide managing partner of Arthur Andersen, denied that he or other members of senior management had engaged in merger discussions with Deloitte or any other firm. Michael Cook, chairman of Deloitte in the US, said: "The

board of Deloitte & Touche has decided not to merge with anyone, including Arthur Andersen."

In September, Price Waterhouse and Coopers & Lybrand announced plans to create the world's largest firm with revenues of \$13bn. They were trumped two weeks ago when KPMG and Ernst & Young revealed plans to combine their operations and \$18bn of revenues. Both deals are subject to the approval of partners

as well as regulators in Europe, the US and Japan.

Andersen is believed to have decided against seeking a Big Six partner for several reasons. One reflects its history of never having taken part in a big merger. Of the Big Six, it has perhaps the most distinctive culture and values, which it fears would be diluted in any combination.

But it might also have been hard to win approval for a merger, considering the

friction between Andersen's accountancy and consulting arms which was manifested earlier this year during the election of a new chief executive.

More positively, Andersen believes it stands to gain from merger fall-out, as it has previously. In the 1980s, the French firm Frinault Fiduciare joined Andersen rather than take part in the merger that created KPMG. In 1993, Asahi & Co severed its links with Ernst

& Young to merge with Andersen, creating the largest accountancy firm in Japan.

Andersen and Deloitte also hope to pick up new business by renouncing the merger path, as clients desert the larger firms when they find themselves sharing an auditor with rivals. In addition, they suspect regulators may force the merging firms to jettison some clients as the price of winning approval.

## Royal Doulton concern over pound and yen

By Emilio Terazono

Royal Doulton, the fine china group, yesterday expressed concern over the strengthening of sterling and yen over the past few days as it announced the rationalisation of its manufacturing sites in Stoke-on-Trent, Staffordshire.

Patrick Wenger, chief executive, said the group would reduce the number of sites from eight to six. "We need a period of stability to contribute to future growth of the business," he said, but added that job losses in Stoke-on-Trent, where the company has based its production for more than 200 years, would be "minimal and through natural wastage."

The move will result in exceptional charges which would "not be enormous," he added.

The announcement follows 330 job cuts in August to reduce production capacity. The group's stock levels had risen sharply partly because the strength of the pound hit

sales to tourists in central London, especially Japanese customers, and exports to overseas markets.

Mr Wenger said that "1997 had been one of significant change" for the group. It restructured its board in July, after the surprise departure of Stuart Lyons, its chief executive, who had led a failed acquisition attempt which cost £1.6m in advisory fees. The group hopes that the reduction of sites will increase efficiency and offer substantial cost savings.

Production from the Churchbank site in Tunstall, which produces cups and saucers, tea, sugar and cream pots, will be transferred to three other sites in the area. The Holland Studio Craft, which makes bird and animal figurines, will be closed and production will be transferred to the John Beswick Studio in Longton, also in Stoke-on-Trent.

Mr Wenger said Royal Doulton would focus on collectables and giftware where the margins were wider.

## Redland's first defence fails to draw Lafarge

By Andrew Edgcliffe-Johnson

Rudolph Agnew, chairman of Redland, is to examine every way of breaking up the building materials group, in the wake of last month's £1.7bn bid from Lafarge of France. He conceded that remaining independent was "the hardest option on the spectrum."

Mr Agnew said Redland had had tentative discussions with as many as 10 companies about possible rival offers for parts of its business but said: "All we've done is shown an ankle to the lustful suitors."

If serious offers could be found for its roof tiles or aggregates businesses, he added, it was "probable" that Redland would hand back cash to shareholders.

The Redland defence had been complicated by tax issues and the pressures of the 60-day bid timetable, Mr Agnew admitted.

Redland would require "high-class tax planning" to break up the group in an efficient way, he said. The main tax obstacle is that a disposal of RBS, its German roof tiles joint venture, would generate heavy capital gains, as Redland bought its stake for a small sum more than 40 years ago.

Redland's advisers are looking for ways to offset

these potential gains with the group's capital losses generated by the ill-fated £1bn acquisition of its UK rival, Steeley, in 1992.

Bertrand Collomb, Lafarge chairman and chief executive, dismissed his target's first defence document, saying Redland "would have to come up with something more precise" to prompt Lafarge to respond.

Mr Agnew, who considered, but quickly rejected, the option of buying the aggregates business himself, said Redland would probably not decide on a defence until a far later stage of the takeover timetable.

Redland's shares rose 11p to 342p, as analysts predicted that Lafarge may have to raise its offer from 320p a share. Analysts' break-up valuations of Redland vary from 245p to 386p, but most expect a revised bid of about 350p unless share prices fall further. Mr Agnew said: "The turbulent markets do not help - they may shoo everyone away."

Redland is also talking to RBS's minority shareholders about a possible sale of its 56.1 per cent stake. Its options include selling RBS to become a pure aggregates company, becoming a holding company for the RBS stake, or a "starburst" strategy in which every division is sold.

## Chime confirms WPP backing

By Patrick Harverson

Chime Communications, the public relations group headed by Sir Tim Bell, yesterday confirmed that its merger with advertising agency Howell Henry Chaddeott would be backed by WPP, the world's largest marketing services group.

Announcing the deal, Chime said WPP would hold a 29.9 per cent stake in the combined group after subscribing to 36.5m shares at 41p each.

The £14.9m investment from WPP will be used to finance Chime's £21m cash and shares acquisition of HHCL. However, a further £2m could be paid depending upon HHCL's profits record in 1998.

The three-way deal, which values the new group at more than £65m, is designed to provide the predominantly UK-focused HHCL with access to WPP's international networks, but without a complete surrender of independence. Chime-HHCL and WPP will also



Rupert Howell will be joint chief executive of the new group

seek to identify areas where they can work together, and believe there are areas of overlap.

The deal fits the strategy favoured by Martin Sorrell, WPP's chief executive, of taking significant but minor

ity stakes in related businesses.

Under the terms of the deal, HHCL's shareholders, including the company's five founders who between them own 53 per cent of the agency, will share £7.5m in

cash and a £5m dividend. HHCL shareholders have agreed to subscribe to 26.8m shares in the combined group, which will give them a 22 per cent stake.

Rupert Howell, chief executive, will be joint chief executive of the new group with Peter Pottinger, Chime's managing director. Sir Tim will be chairman.

Chime is slightly the larger of the two companies in the new combined group, although HHCL is more profitable. Last year the former made a pre-tax profit of £3.7m on turnover of £33.7m, while the latter earned £3.9m on revenues of £25.6m.

In the latest six-month period, Chime made pre-tax profits of £1.7m (£1.4m) on higher turnover of £19.1m (£15.5m). Earnings per share rose 19 per cent to 1.9p (1.6p) and the interim dividend was raised from 0.55p to 0.65p.

Chime has also agreed to acquire AMD, a marketing consultancy specialising in the property industry, for up to £3.13m.

## Planet Hollywood's Vegas venture

By Roger Taylor

Planet Hollywood is to build a \$250m (£150.6m) hotel and casino on the site of the Aladdin, one of the oldest casinos in Las Vegas and the site of Elvis and Priscilla Presley's marriage.

The new leisure complex will be built around Planet Hollywood's new music-based brand - Sound Asylum - which is shortly to be launched with new restaurants in New York and London. The Sound Asylum

brand will involve pop stars in the same way that the Planet Hollywood restaurants have been promoted by film stars.

The deal with Planet Hollywood is part of a redevelopment of the Aladdin site announced earlier this year when London Clubs International took a 35 per cent stake in the company for \$50m.

The existing Aladdin Hotel and Casino, situated on Las Vegas Boulevard is to be demolished in January and

replaced by a 3,500-bed hotel and casino at a cost of \$750m retaining the Aladdin name and the "exotic fantasy" theme of the original.

Planet Hollywood is paying \$41m for a half share in a second development on the same site. London Clubs will be involved in running both casinos. The complex will also include a new, "Desert Passage" shopping mall.

Alan Goodenough, chief executive of London Clubs, said the involvement of Planet Hollywood would

boost confidence in the companies' profit projections for the new development. In addition to sharing the profits of the Planet Hollywood business, he said it would also draw customers to the Aladdin casino. Merrill Lynch, the stockbrokers have said it could contribute profits of \$10m a year to London Clubs.

London Clubs is focusing on expanding overseas following the blocking of its bid to buy rival London casino operator, Capital Clubs.

## Ittierre ready to list in Milan

By Alice Rawsthorn

Ittierre, the Italian clothing company which manufactures jeans for fashion designers such as Gianni Versace and Dolce & Gabbana, is to list on the Milan stock exchange despite the volatile state of the stock markets.

During the mid-week market turmoil, Ittierre, advised by Morgan Stanley, considered putting its flotation plans on ice until conditions stabilised. It has now decided to go ahead with the issue, and Morgan Stanley hopes to start presentations to prospective investors early next week.

Ittierre, founded in 1982 by Tonino Ferra, its current chairman, is expected to float up to 30 per cent of its equity on the Milan Borsa. Analysts estimate that the group, which mustered net sales of £319.5m (£112.2m) in the six months to June 30

and £541.5m in 1996, will be valued at some \$150m (£90m) making it a medium-sized company by Italian standards.

Most of the capital raised from the float will go to existing shareholders; but a quarter of the shares will be new ones issued to raise money for Ittierre in order to clear debt and finance future expansion. The company is best known within the fashion industry as the manufacturer of Gianni Versace Jeans Couture, the Versace group's sporty Versus range. Jans Dole & Gabbana and Gianfranco Ferré Jeans.

It intends to continue expanding its manufacturing activities, and is expected to announce details of a contract to produce a new range for a prominent fashion designer next week. Ittierre is also expanding its own brand, and plans over the long term to augment its retail interests.

## GB Railways goes down under

By Chris Gresser

GB Railways Group, one of the UK's smallest train operators, is heading for the other side of the world.

A consortium, in which it holds a 19 per cent stake, has acquired the passenger rail operations of the Australian National Railways Commission, known as Pax Rail.

The consortium, Great Southern Railway, also includes Serco Asia Pacific, RailAmerica, Macquarie Bank and Legal & General Financial Services.

Pax Rail runs three interstate routes: The Ghan, which operates between Adelaide and Alice Springs; The Indian Pacific between

Sydney, Adelaide and Perth; The Overland, which is an overnight passenger service between Melbourne and Adelaide.

The trains run mainly for tourists, keen to experience the sweep of Australia's outback over a period of days rather than fly over it.

Great Southern Railway is buying Pax Rail for £6.7m (\$11.1m). For the year ended June 1997, it incurred an operating loss of £5m on revenues of £22.5m. The assets include 186 passenger carriages.

Under Great Southern Railway, The Indian Pacific and The Overland will interconnect, while The Ghan will be extended to Melbourne and Sydney direct.

## Market sentiment makes for wary suitors

National Westminster Bank's decision to reject an offer by Deutsche Morgan Grenfell for its equities division has raised questions about the future direction of the two banks.

That it should have happened now may also prove an indicator of the effect of turbulence in world stock markets upon other asset sales. Investment bankers working in the equities and corporate advisory divisions of BZW, the bank being sold by NatWest's rival Barclays, have found themselves with fewer suitors today than at the start of the week.

"You have to look at individual psychology," said one. "Who wants to be the very last to have bought at the top of the market?"

Mike Phillip, head of global equities at DMG, admitted that "the market on Monday and Tuesday made it difficult to concentrate on [the deal] only".

Despite the psychological impact of the market downturn, DMG was still keen to buy additional investment banking expertise. By Thursday afternoon it had tabled a £150m offer for the global equities division of NatWest Markets.

The two sides had been having what was described as "casual conversations" for

Jane Martinson looks at the breakdown of discussions for NatWest's equities division

about a month. Formal discussions started a fortnight ago and a formal offer was tabled this week. The price - about half the amount suggested by analysts as a benchmark figure based on the capital in NatWest - was one reason for NatWest's decision to end talks.

DMG stressed yesterday that its strategy remained intact and it had plenty of other options. There has been speculation that Deutsche Bank was beginning to tire of the high cost and limited results of its investment bank strategy. Mr Phillip rejected this yesterday, saying the investment bank had "made good progress this year". The process of hiring staff in a push for organic growth in the UK market had been "cheaper but slower" than making an outright acquisition.

That slowness began to seem more onerous in the wake of global mergers such as that of Morgan Stanley and Dean Witter this year. Investment banking had become a "changed world".

DMG was "committed to being in the top five global

players in equities in a reasonable period," he said. This reasonable period changed from being "five to 10 years to something more like three to five" because of the creation of super groups.

He said that DMG's strategy could continue to be organic. Or, it could include acquisitions in the UK, US or Asia. The group was not involved in any other discussions, he said. It is understood to have had the full backing of the Deutsche Bank board for the talks.

The position of NatWest now is somewhat more problematic. NatWest had restructured this summer by restructuring NatWest Markets, its investment banking arm, after finding that a trader had concealed losses of £77m from option trading.

Yesterday the bank pointed out that Chip Kruger had been appointed at the time to head NatWest Markets and take it forward. However, this move has failed to still rumours that NatWest wants to follow Barclays out of investment banking. Talks with at least two banks since the reorgan-



Michael Dobson, Morgan Grenfell chief executive (left), and Chip Kruger: no longer talking

isation - DMG and ING Barings - have done nothing to calm the uncertainty.

Mr Kruger is understood to have been involved in the talks with DMG as well as senior NatWest members. NatWest strongly denied that it had put its investment banking arm up for sale yesterday. It pointed out that DMG's bid had been entirely unsolicited.

But one investment banker said yesterday: "You have to stop and think - why buy something that isn't making an adequate return on capital and which

is going to create an awful lot of work to integrate?"

Yet with global banking in such a state of flux, next week could easily reveal other approaches. While denying any talks, an executive close to the NatWest group said: "In these fast-moving times who knows if someone has already picked up the phone".

● NatWest and Dresdner Bank yesterday denied a report that 70 of NatWest's equities traders in the US had defected to the German bank recently.

## CALL FOR EXPRESSIONS OF INTEREST FOR THE SALE OF THE GROUP OF ASSETS OF "VOLOS COTTON MANUFACTURING CO SA" OF ATHENS GREECE

ΕΤΥΧΙΩΣ ΚΕΡΗΛΕΟΥ Σ.Α., Administrators of Assets and Liabilities, of the Charissipolissos St, Athens 11524, Greece, in the capacity of Liquidator of "VOLOS COTTON MANUFACTURING CO SA" a company with its registered office in Naxos, Volos, Greece, (the "Company"), presently under special liquidation according to the provisions of Article 46a of Law 1802/1984, by virtue of Decree 184/1997 of the Labour Court of Appeal invites interested parties to submit a written request (201 days from the publication of this call, non-binding written expressions of interest for the purchase of one or more of the groups of assets mentioned below, each of which is being sold as a single entity).

**BRIEF INFORMATION**  
The Company was established in 1963 and was in operation until January 1996. On 18.12.1997 it was placed under special liquidation according to the provisions of Article 46a of Law 1802/1984. Its activities included the production and marketing of ginned cotton yarn and cotton waste.

**GROUPS OF ASSETS OFFERED FOR SALE**  
1. Industrial plant at Naxos, Volos, located in an area of 102,000 sq.m. approximately, part of which (19,000 sq.m.) has been incorporated in the city planning area, although the relevant implementation deed has not yet been issued.  
The surface of the buildings amounts to approx. 32,000 sq.m. The plant's machinery consists of the following cotton ginning units:  
a. A 10000 bolls ginning unit with a capacity of 100 MT GIN of NEB 30 years per 24 hours.  
b. A 5000 bolls ginning unit with a capacity of 50 MT GIN of NEB 30 years per 24 hours.  
c. A 4000 bolls ginning unit with a capacity of 40 MT GIN of NEB 31 years per 24 hours.  
d. An OPEN END (OLE) 672 surfaces unit with a capacity of 1000 MT GIN of NEB 30 years per 24 hours.

In addition, the Company's registered name, trademark, and receivables are also being offered for sale.  
2. A 50,000 share of a plot of land covering approx. 5 hectares in the Community of Sydlissos, Ag. Karamanissas Lefkas Region. Legal proceedings concerning possession of the area are pending.  
3. A 54,000 share of a plot of land covering 7,500 sq.m. according to the ownership deeds and 3,540 sq.m. according to a recent estimate in Patras, Community of Vintimas, Attika Region.  
4. A plot of land covering approx. 4,200 sq.m. according to the ownership deeds, in Tzaniatiki, Municipality of Athens.

**SALE PROCEDURE**  
The Company's assets will be sold by way of Public Auction in accordance with the provisions of Article 46a of Law 1802/1984, as supplemented by art 14 of Law 1309/1991 and subsequently amended and the terms set out in the call for tenders for the sale of the above assets, to be published in the Greek and foreign press on the dates provided by law.

**SUBMISSION OF EXPRESSIONS OF INTEREST - OFFERING MEMORANDUM - INFORMATION**  
For the submission of Expressions of Interest and in order to obtain copies of the Offering Memorandum, please contact the Liquidator, ΕΤΥΧΙΩΣ ΚΕΡΗΛΕΟΥ Σ.Α., Administrators of Assets and Liabilities, 91 Charissipolissos St, Athens 11524, Greece, Tel: +30-1-315.14.94-47, fax: +30-1-315.79.05 (telex: 200000), or the liquidator's representative Mr. Armandos Theodoridis, 139 Athinon St, Volos Tel: +30-421-301310 Fax: +30-421-301377.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total for year
Avon UK plc	6 mths to June 30	2,441	(1,241)	3	(2,58)	-	-	-
Chemical Bank plc	6 mths to June 30	1,08	(0,04)	0,078	1,21	(1,6)	-	-
China Commerce	6 mths to June 30	19,1	(0,5)	1,7	(1,1)	0,65	0,55	1,7
Craxi & Rose	6 mths to June 30	1,88	(2,2)	0,174	(0,004)	23,33	(0,4)	-
Crown Products plc	6 mths to June 30	9,93	(-)	8,96	(-)	16,7	(-)	-
Forward Technology	6 mths to June 30	23,3	(2,2)	2,514	(1,08)	7,25	(0,1)	1,25
Int Tool & Supply	6 mths to June 30	41,5	(2,1)	0,276	(1,39)	0,1	(0,5)	-
London & Midland	6 mths to June 30	17,4	(1,5)	5,769	(2,18)	12,1	(4,6)	-
Mellor plc	6 mths to June 30	4,5	(5,4)	2,144	(0,274)	(-)	(-)	-
Northborough Plastics	6 mths to June 30	0,222	(0,11)	0,037	(0,19)	0,04	(0,95)	0,94
Onvimedia plc	6 mths to June 30	0,266	(0,25)	0,883	(0,948)	2,781	(4,47)	1,19
Oriel	6 mths to June 30	22,8	(2,1)	0,357	(0,679)	4,1	(19,3)	5,75
Pacific Media plc	6 mths to June 30	0,05	(0,59)	0,281	(0,24)	0,07	(0,02)	-
Shalaboard plc	6 mths to June 30	0,168	(-)	0,423	(-)	0,08	(-)	-
Solid State plc	6 mths to June 30	2,43	(2,46)	0,101	(0,205)	1,21	(2,6)	3
Wedderburn plc	6 mths to June 30	39,6	(0,193)	0,048	(0,138)	0,001	(-)	-
Investment Trusts	NAV (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total for year
Bochman Spacells	6 mths to June 30	244	(181,1)	1,48	(0,883)	90,25	(64,6)	-
Fleming-Jones	6 mths to June 30	186,8	(251,1)	1,97	(1,57)	1,01	(0,97)	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10% increased capital. Allm stock. SUS currency. After tax. Comparatives restated. Comparatives for 6 months to December 31 1996. Comparatives for 7 months to December 31 1995.

## BENETTON GROUP S.p.A.

a company with registered office in Ponzano Veneto (TV), Italy.  
Via Villa Miral, 1; a stock capital of Lit. 90.787.837.000 registered at No. 4424 of the Treviso Company Register.

## Half-Year Report January-June 1997

Notice is hereby given that Benetton Group S.p.A.'s Half-Year Report on the Company and Group performance as of June 30, 1997 may be obtained on request from:

-the Company or  
-the Stock Exchange Council in Milan.



## COMPANIES AND FINANCE

## AIG unit to take over Thai finance house

By Ted Bardecke in Bangkok

AIG Consumer Finance, a unit of American International Group, the US insurer, has agreed to buy 80 per cent of Bangkok Investment, the suspended Thai finance company, in a deal worth Bt1.05bn (\$22m), the Thai group said yesterday.

The announcement came as Thailand's 58 suspended finance companies scrambled to meet a deadline for submitting recovery

plans to the country's Financial Restructuring Authority.

It is the second time that a foreign company has bought into a Thai financial institution since the devaluation of the baht in July and the introduction of new rules allowing foreigners to own 100 per cent of Thai banks. Recently, ING of the Netherlands bought a 10 per cent stake in Siam City Bank.

Analysts believe other foreign companies may be waiting to

make similar moves in anticipation of prices falling further for troubled Thai finance houses.

The purchase of Bangkok Investment by AIG, the western insurer with the deepest roots in Asia, is the cornerstone of the Thai company's recovery plan.

Under the agreement, Bangkok Investment will increase its registered capital from Bt282.5m to Bt1.1bn and include some write-offs of bad debt. Finance companies wishing to reopen must have

capital-to-asset ratios of 15 per cent after writing down their bad debts against equity.

Analysts said AIG, which controls half of Thailand's life insurance market through its affiliate American International Assurance, was acquiring a finance and securities company licence through the deal to add to its financial services group in Thailand.

Barclays Bank, of the UK, and its nominees are currently Bang-

kok Investment's largest shareholders, with about 14 per cent. Thai Farmers Bank holds about 10 per cent.

Other companies announcing outlines of their rehabilitation plans include Sitca, one of the largest of the suspended companies, which said it planned to issue Bt1.2bn in new equity, raising capital to Bt3.35bn. Half the new shares will be sold in a private placement to an investor which the company declined to

name. On Wednesday, 35 suspended finance companies announced their intention to merge by placing all their good assets into one company and selling their bad assets to the government-controlled Asset Management Corporation.

Recapitalisation of this new company would be done through a debt-to-equity swap by creditors, including the central bank, and by attracting foreign investment.

## Kishi named president at TMB

By Michio Nakamoto in Tokyo

Bank of Tokyo-Mitsubishi, the world's biggest bank by assets, yesterday named Satoru Kishi, currently vice-president, as its new president in charge of day-to-day operations from January 1 next year.

He will take over from Tasuku Takagaki, who is to become chairman.

Mr Takagaki, 69, who masterminded the merger of the former Bank of Tokyo with Mitsubishi Bank, has been at the helm for eight years, including his time as president of Bank of Tokyo.

He had already said he intended to step down after setting the new bank on course after its creation in April last year.

The choice of Mr Kishi, 67, means that TMB will not be making the change of generation seen at other banks. Newly appointed presidents at other Japanese city banks, including Sumitomo, Sakura and Dai-ichi Kangyo Bank, are in their 50s.

However, Mr Kishi, who has climbed the corporate ladder at Mitsubishi Bank since he joined in 1953, had been considered the leading candidate to become the next president of Mitsubishi Bank before the merger. He then became the favourite to succeed Mr Takagaki.

A graduate of Tokyo University's economic department, Mr Kishi has spent his entire career in Japan, assuming responsibilities such as regional branch manager and planning department director, that are considered typical of those who reach the top echelons of management.

Following yesterday's announcement, he said recent share price falls were "making managing the bank more difficult, because Japanese banks are more dependent on the unrealised profits of stocks than foreign banks".

## Madrid to keep 'golden share' in Argentina

By Tom Burns in Madrid

The Spanish government is to retain a "golden share" in Argentina after it sells its remaining 25 per cent in the banking group in the first half of next year, in a move to prevent hostile takeovers.

The decision will end increasing speculation that the disposal could trigger a bid by one of Spain's two big financial groups, Banco Santander and Banco Bilbao Vizcaya, which are both understood to have acquired small stakes in Argentina.

Officials said that under the "golden share" measure, which will be formally announced by the finance ministry next week, government authorisation will be required after Argentina's privatisation for all purchases of more than 10 per cent of the institution's equity.

The measure will be in force for two years and be renewable for a further year.

Similar safeguards were built into the privatisations earlier this year of Telefonica, the dominant domestic carrier, and Repsol, the energy group. However, in both these cases, the government is to retain its golden share over 10 years.

The move to ensure Argentina's independence came as the banking group reported

flat net attributable profits of Pta46.6bn (\$30m) in the first nine months of 1997.

The results signalled the completion of a nine-month restructuring that incurred heavy charges and damped profits in order to increase dividends following the group's privatisation.

Argentina's 1996 profits fell 58 per cent to Pta31.2bn after an extraordinary charge of Pta65bn. Attributable income fell 28.4 per cent over the first three months of this year. But the decline was reduced to a fall of 10.7 per cent at the half-year stage.

In the first nine months, Argentina's earnings potential was underlined by a 26.5 per cent increase in operating income to Pta86.8bn.

Net interest income was up 11.3 per cent to Pta152bn, and fee income increased 18.7 per cent to Pta42.3bn.

The results were hit by a Pta29bn extraordinary charge to cover redundancies and allow the group to renegotiate its long-term liabilities.

Argentina has a strong mutual fund and mortgage business base, and the move to its earnings makes it attractive to the larger domestic banking groups, which are eyeing opportunities to increase their market share in advance of European privatisation.

## Putting their shirts on soccer deals

Sportswear manufacturers are paying ever larger amounts to sponsor teams

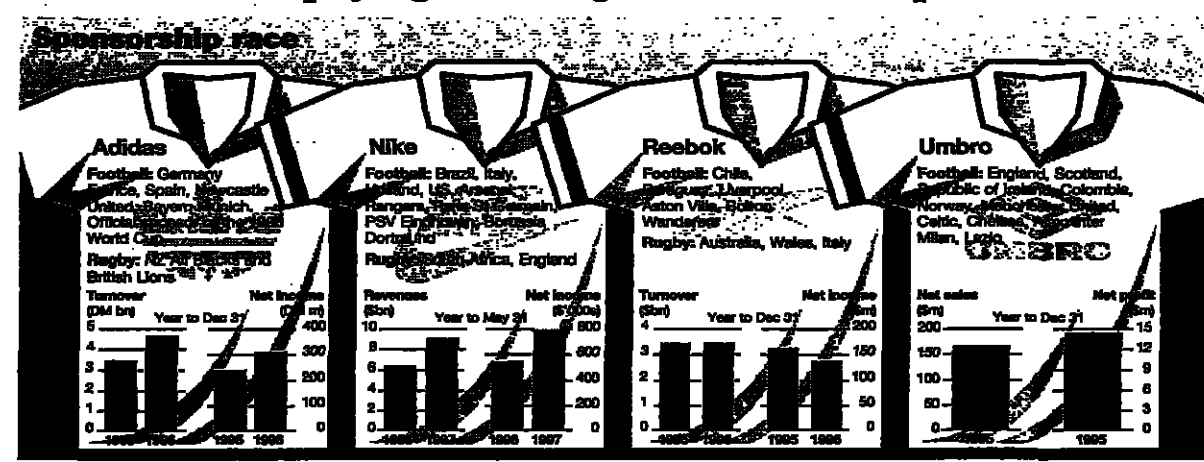
When the English Football Association meets in the next few months to decide the new kit sponsor for the national team, something more than the future design of the England shirt will be at stake.

Whoever wins the contract will have earned a notable victory in the battle between the world's biggest sportswear companies to sponsor the sport's top national and club teams.

However, the winner will also have been forced to pay through the nose for the privilege. So intense is the competition among the biggest names in sportswear - Nike, Adidas, and Reebok at the top, Fila, Umbro, Puma, and many others below them - that the value of sponsorship deals has risen to stratospheric levels in the past year.

Nike, the Oregon-based group that is the clear market leader in sportswear and clothing, lit the inflationary touch-paper in December when it signed a record-breaking \$200m, 10-year deal to sponsor football's World Cup holders Brazil.

More recently, Adidas of Germany last month piped Nike to a five-year contract to provide the kit for the New Zealand All Blacks rugby team in a deal worth at least \$45m. Nike gained revenge a week later when it signed a \$120m, eight-year contract to sponsor the US



Soccer Federation - a deal worth 10 times more than the previous one.

The English FA is similarly expecting to increase its income from kit sponsorship at least fivefold when its current deal with Umbro expires in 1998. Among the favourites are Nike, Umbro and the much smaller Admiral brand, owned by UK company Hay & Robertson.

It is surprising that Umbro and Admiral are still in the race, given their lack of financial muscle compared to the big three. Nike spends almost \$1bn a year on marketing and promotion, including sponsorship deals, while Reebok and Adidas are estimated to spend more than \$400m each.

Yet with the price of sports sponsorships rising so fast, how soon will it be before even the big companies cannot earn a

decent return on their investments?

At least one London-based industry analyst questions whether some of the recent deals make sense. "The one that has really shocked me was the Nike-Brazil deal," he says. "If Brazil does not perform as strongly as expected in the World Cup, Nike are not going to get quite the same out of it as they hope."

However, its contract with Brazil does not just afford Nike the right to put its logo on the team's shirts. It sponsors Brazilian football at every level of the sport, arranges five international a year for the national team, and sells the broadcasting rights to the games.

John Horan, editor of Sporting Goods Intelligence, a US industry newsletter,

says blame for the recent bout of inflation in sponsorship lies squarely with Nike, which has moved aggressively into sports such as football and rugby.

Yet he believes the cycle may be nearing its peak. "What you've seen in the last three to four years is a big spurt because of Nike," he says. "I think you'll see this level off now - they have all reached a point where they are starting to see diminishing returns from the higher prices."

However, Rowan Morgan, sports goods industry analyst at Nikko Securities in London, believes the big participants will continue to pay top dollar because they can afford to. "The current state of their cash flows is such that they can continue to bid up these contracts," he says.

To Mr Morgan, it is all

about brand visibility. The big companies cannot afford to be absent when the world's top teams are playing in front of television audiences measured in the hundreds of millions or even billions.

Ultimately, the success or otherwise of the sponsorship deals can only be measured in their effect on sales, and here Mr Horan believes the contracts more than pay their way.

"If you look at Nike's bottom line you have to say they're good investments, because the bottom line is terrific [the company's pre-tax profits rose 44 per cent to \$1.3bn last year]. And if you look at Adidas's bottom line [pre-tax profits up 41 per cent to \$207m] you have to say they know what they're doing too."

Patrick Harverson

## FT/S&amp;P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS		THURSDAY OCTOBER 30 1997		WEDNESDAY OCTOBER 29 1997		DOLLAR INDEX	
Index	Change	Index	Change	Index	Change	Index	Change
Australia (76)	-200.17	-1.1	178.05	152.19	179.90	-0.3	4.04
Austria (24)	-192.88	-1.2	171.59	148.08	172.74	-2.3	1.50
Belgium (27)	-248.25	-0.9	216.47	185.09	217.98	-2.5	2.43
Brazil (30)	-212.42	-10.3	189.55	181.50	180.28	-42.05	-1.80
Canada (123)	-212.32	-1.7	189.05	181.58	180.38	218.72	-1.1
Denmark (22)	-406.41	-1.8	269.30	210.32	269.88	384.25	-2.1
Finland (23)	-324.78	-1.0	272.21	232.85	274.15	392.83	-5.8
France (84)	-225.35	-1.8	200.47	171.34	201.88	204.18	-2.5
Germany (52)	-213.78	-0.8	180.13	182.50	191.47	191.47	-1.7
Hong Kong (55)	-358.04	-2.3	318.50	272.22	320.74	355.33	-2.3
Indonesia (27)	-123.52	-1.0	102.88	83.92	102.88	278.94	-1.0
Ireland (17)	-278.24	-1.0	352.01	282.77	334.35	350.89	-1.7
Italy (55)	-105.90	-1.5	94.21	80.52	84.87	133.75	-2.4
Japan (184)	-109.83	-2.3	97.70	84.51	86.39	83.51	-2.8
Malaysia (107)	-224.93	-1.7	200.09	171.02	201.50	298.13	-0.3
Mexico (27)	-137.73	-1.1	134.17	114.63	135.04	1739.44	-3.6
Netherlands (19)	-400.74	-2.7	358.48	304.65	358.99	355.44	-2.7
New Zealand (14)	-82.32	-1.8	73.23	62.59	73.74	70.08	-1.4
Norway (33)	-351.43	-1.4	312.53	267.21	314.83	354.71	-2.1
Philippines (22)	-137.73	-1.5	74.59	63.49	74.51	145.70	-0.5
Singapore (42)	-227.55	-0.2	202.43	173.02	203.85	165.79	0.0
South Africa (13)	-259.34	-3.5	239.58	204.78	241.28	294.94	-2.9
Spain (23)	-124.78	-1.0	124.78	122.13	123.37	278.82	-0.9
Sweden (49)	-272.17	-2.3	420.02	355.59	422.96	524.02	-2.9
Switzerland (33)	-308.95	-1.0	273.05	233.38	274.98	268.94	-1.7
Thailand (38)	-29.72	-3.8	26.43	22.59	26.92	48.25	-3.0
United Kingdom (215)	-215.33	-1.3	230.58	238.50	232.65	253.88	-1.4
USA (509)	-288.42	-1.7	327.73	280.11	330.04	368.42	-1.7
World Index (2444)	-245.21	-1.7	215.13	186.44	219.67	218.97	-1.9
Asia (513)	-295.38	-1.8	295.34	254.99	300.44	282.94	-1.7
Europe (711)	-177.35	-1.1	243.10	207.33	244.57	250.82	-1.8
North America (148)	-417.44	-2.5	371.34	317.38	373.85	404.82	-3.2
Pacific Basin (877)	-119.61	-2.2	106.40	90.94	107.15	122.81	-2.5
Europe Excl. UK (469)	-188.76	-1.5	165.47	138.72	139.82	151.80	-1.0
North America Excl. US (159)	-335.75	-1.7	319.12	272.76	321.37	358.35	-1.6
Europe Excl. UK (469)	-244.70	-1.0	217.87	188.05	219.21	228.73	-2.1
Europe Excl. Japan (383)	-210.91	-1.5	187.81	160.35	162.85	193.38	-2.0
World Excl. US (1819)	-187.14	-1.7	165.47	142.58	143.98	158.38	-1.9
World Excl. US (1819)	-236.67	-1.7	212.51	181.47	213.81	212.80	-1.9
World Excl. Japan (1800)	-213.94	-1.6	212.59	238.48	239.98	304.24	-1.7
World Index (2444)	-245.21	-1.7	215.13	186.44	219.67	218.97	-1.9

The World Index (2444) -245.21 -1.7 215.13 186.44 219.67 218.97 -1.9 1.92 249.41 221.90 190.16 225.82 223.12 228.47 216.48 216.48

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Index	Change	Index	Change	Index	Change	Index	Change
Gold Mines Index (33)	122.35	-2.8	122.35	122.35	2.32	-	122.35
Asia (15)	122.35	-1.5	122.35	122.35	2.32	-	122.35
Australia (5)	117.11	-3.0	122.35	122.35	2.32	-	122.35
North America (18)	122.35	-1.5	122.35	122.35	2.32	-	122.35

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£22,250 (26/09/97); £22,250 (26/09/97); £21,500 (19/09/97)

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Set out below are the prices and dates of the three most recent transactions in the No.1 Court Debentures, as notified to the Company.  
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## Hong Kong recovers as A-plus rating confirmed

By John Riddling in Hong Kong

Investor sentiment in Hong Kong received a boost yesterday when Standard & Poor's, the US credit rating agency, confirmed the territory's sovereign ratings.

Also helping the markets to rebound was an announcement by the financial authorities that they had emerged from a battle with currency speculators with increased foreign exchange holdings.

"Despite the turmoil, Hong Kong's financial strengths should enable it to ride through these difficulties," said Paul Coughlin, managing director of S&P in Hong Kong.

He said the territory's economic and financial situation stood in marked contrast with other Asian countries. S&P's decision to maintain Hong Kong's single-A-plus long-term foreign currency rating contrasted with Thursday's move by Moody's to downgrade Hong Kong's banking sector outlook from stable to negative. Moody's also placed the financial strength

rating of Hong Kong's two biggest banks under review.

That announcement shook the Hong Kong stock market, pushing shares almost 4 per cent lower. Yesterday the market rebounded, boosted by falling money market interest rates and a forecast by Joseph Yam, head of the Hong Kong Monetary Authority (HKMA), that rates would soon return to normal after assaults by speculators.

The blue chip Hang Seng index closed up 2.52 per cent, while indices for China-backed shares recorded bigger gains.

The recovery in Hong Kong helped sentiment in Europe, where London's FTSE 100 index gained 40.4 to 4,842.3. Wall Street also opened strongly and the Dow Jones Industrial Average was 21.13 points higher at 7,402.79 by 1pm in New York.

The Hong Kong market has been supported this week by the Hong Kong Jockey Club, one of the territory's most important social institutions and its biggest business. Paul Lee, finance director, said

the club had decided to invest several hundred million dollars in the stock market this week to take advantage of "attractive valuations". He said the purchases reflected the club's confidence in the Hong Kong dollar peg to the US dollar.

Mr Yam said Hong Kong's foreign currency reserves of almost US\$90bn had increased over the month despite the defence of the currency. "The HKMA did sell US dollars, but we have already got back all the dollars we sold," he said.

Despite the positive assessments of prospects from Mr Yam and S&P, concerns remained about the impact of the recent upheaval. James Tien, head of the Hong Kong General Chamber of Commerce, said the government had failed to address concerns about the economy.

"There will be a downturn in retail and restaurants and the manufacturing sector will be hurt," said Mr Tien. "Unemployment might go up."

World stocks, Page 20

## Renault in \$350m deal to set up in Moscow

By Haig Simonian in London

Renault of France will today sign a letter of intent with the Moscow city authorities to build cars in Russia in the latest expansion by a western carmaker into the world's last big growth market.

Renault will invest in a \$350m joint venture with Moskvich, the troubled carmaker controlled by the Moscow authorities. The company, in which Renault will be able to acquire a majority, aims to build 120,000 cars a year when fully operational.

Management control of the venture, expected to build Renault's Mégane Classic saloon, will go to the French group. Renault has had a long association with Moskvich and supplies it with engines.

The Moscow authorities will contribute part of Moskvich's factory in the city, while Renault will provide cash and technology. Assembly should start next year, with plans for a second model in 2001.

The deal is the latest between a western carmaker looking for growth and Russia's big, but beleaguered, car companies. In September, Fiat announced a joint venture with AvtoVAZ, a leading Russian motor group, to build 150,000 vehicles a year.

General Motors, the world's biggest carmaker, has been in talks with AvtoVAZ, Russia's biggest carmaker, on a joint venture factory near the Finnish border. The US company assembles sports utility vehicles in Tatarstan. Daewoo of Korea and Ford are building vehicles in the former Soviet Union.

Russia has become more attractive as the economy has improved and political conditions have stabilised.

New car sales in Russia, buoyant before the collapse of Communism, are expected to rise from 760,000 in 1996 to 840,000 next year and 1.2m by 2002. Renault, which has in the past been criticised for not expanding beyond its European home market, hopes to capture 6-10 per cent of the market.

## THE LEX COLUMN

### Jam for Jakarta

Take your pick: maybe the thumping scale of the International Monetary Fund's \$23bn bail-out of Indonesia is a terrific flip to confidence in the currency; alternatively, it is a sure sign that the country's problems are worse than anyone thought. The fact that either interpretation is entirely plausible is one reason why such operations are of doubtful value. Another is that it is not at all clear that the money will be well spent. Much will doubtless be used to prop up bad banks. Much too will probably disappear into various black holes. And a corrupt regime with a dire human rights record will have been helped out.

Ah yes, the IMF might say in its defence, but it has at least secured some goodies in return. Import tariffs will be chopped, various important monopolies will be cracked open, the budget will be balanced and with luck the current account deficit will be cut. But splendid stuff though all this is, the proposed three year timetable looks leisurely. And in any case it is anyone's guess how far such promises - all of them politically difficult - will be kept. The pledge to allow some local banks to go to the wall, meanwhile, looks conspicuously vague.

The fact is that, to the (admittedly limited) extent that Indonesia's currency crisis has been driven by worries over economic fundamentals, the government has perfectly good incentives of its own to put its house in order. Arguably, by rushing to the rescue, the IMF has if anything weakened them.

## FTSE Eurotop 300 index

906.2 (+3.7)

## Indonesian Rupiah

Against the dollar (Rp per \$)

2,250

2,500

2,750

3,000

3,250

3,500

3,750

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Source: DataStream/FT

## NatWest rejects \$240m DMG bid for global equities division

By Jane Martinson in London

Talks between NatWest Group and Deutsche Morgan Grenfell were called off yesterday after the UK bank rejected an offer of about £150m (\$240m) for the global equities division of NatWest Markets.

At the same time CSFB, the Swiss-American bank, emerged as the only contender left in the race for the equities and advisory businesses of BZW, the investment bank, which are being sold by Barclays. About 20 banks had expressed an interest in the businesses when they were put up for sale four weeks ago.

Donaldson Lufkin and Jenrette, the US investment bank, told Barclays it had pulled out yesterday after the UK bank demanded it put forward a bid by Monday. Shares in NatWest fell 43p to 857p

after the bank announced its decision to reject DMG's offer following the disclosure in the Financial Times that the two groups were in talks. Shares in Deutsche Bank closed up 65 pfennigs at DM112.8.

NatWest confirmed it had received an "unsolicited" offer from DMG for its global equities division, but had decided the proposal was "not in the best interests of its shareholders or employees".

The main sticking point was understood to have been price. The offer of £150m was about half the estimated value analysts placed on the assets.

Mike Philipp, head of global equities at DMG, said the group's offer stood and could be revived. He said DMG still had several other options in achieving its strategic objective of becoming "one of the top five global players in equities" though it was not

currently involved in talks with any other group. "This doesn't change our strategy," he added. "These things come up all the time." The group had been attracted by NatWest's strengths in the UK equities market.

Analysts said the decision by DLJ to withdraw from the BZW sale had increased pressure on Barclays. They said that if CSFB were to decide to make an offer it could be lower than their initial estimate of £400m-£500m. "They really have Barclays over a barrel," said one rival investment banker.

BZW management is understood to have ruled out a management buy-out. Dealers and traders have already been told this year's bonus levels, to be paid next February.

Wary suitors, Page 25 See Lex

## Companies in this issue

AIG	23	Blue Circle	17	Nike	23
Adidas	23	CSFB	24	Pearson	17
Admiral	23	DMG	24	Pony	23
Argentaria	23	Fia	24	R.J. Reynolds	4
AvtoVAZ	24	GKN	17	Redland	17
AvtoVAZ	24	General Motors	24	Reebok	23
BBV	23	Heywood Williams	17	Renault	23
BZW	24	LucasVarity	17	Schroders	17
Banco Santander	23	McKachnie	17	Sieba	17
Bangkok Inv'tment	23	Moskvich	24	Tokyo-Mitsubishi	23
Barclays	24	NatWest	17, 24	Umbro	23
				Utd News & Media	17

## Markets

FTSE 100	4,842.3	(+40.4)
Yield	5.38	
FTSE Eurotop 300	906.2	(+3.7)
FTSE All-Share	2,353.07	(+0.7%)
Nikkei	14,688.84	(+40.0)
New York S&P 500	7,402.79	(+21.12)
S & P Composite	910.88	(+7.30)
LONDON MONEY		
3-mo interbank	7.5%	(7.5%)
US long gilts	Dec1998	(12.18%)
US LUNCHTIME RATES		
Federal Funds	5.4%	
One Year Bill	5.75%	
Long Bond	103	
Yield	6.149%	
NORTH SEA OIL (Angels)		
Brent Dated	916.58	(18.48)
Brent 1998	912.55	(18.48)
New York Comex Dec	321.5	(316.4)
London	321.55	(316.5)
STERLING		
New York lunchtime	1.67715	
London	1.67715	
DM	1.6789	(1.6888)
DM	2.8882	(2.8716)
DM	3.8825	(3.8727)
SFR	2.9416	(2.9558)
Y	201.581	(200.477)
E index	923.3	(101.7)
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New York lunchtime	1.7281	(1.7281)
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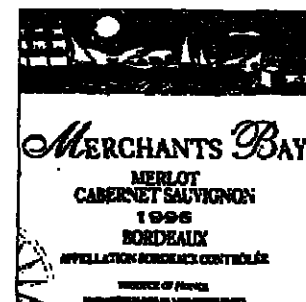
Clarke bites

'Whenever the former chancellor opened his mouth, the table next door fell into a deathly what's-he-saying hush.'



Carl's sagacity

'Somewhere between cheerful dolts and nervous worryworts, there's a state of mind we ought to embrace.'



The Australian empire

'You will see that the wines were made by an Australian winemaker. Hardly any Germans were involved.'

Page III

Page IV

Page XII

# Bidding for supremacy

The competition for famous paintings is only bettered by that between the Old Masters - Christie's and Sotheby's. Antony Thorncroft views an art market set to soar

On the evening of November 10, the worlds of art and money, celebrity and wannabe, greed and connoisseurship will gather in Christie's elegant saleroom on Park Avenue, New York. Never has there been such a demand for tickets to an auction; never have there been so many rooms - four - called into action to hold the throng; never has Christie's installed as many telephone lines - at least 60 - to service secretive bidders.

With everything in place, those present will be exhorted to compete for 58 paintings collected by Victor and Sally Ganz, who made their fortune from more popular forms of art - toys and costume jewellery.

If Christie's US chairman Christopher Burge, who speaks with the English accent standard for the international auctioneer and the Hollywood bad guy, succeeds, in a little over an hour more than \$125m will change hands. Between 1940 and 1965, the Ganzes assembled one of the greatest private collections of 20th century art, and Christie's is selling it for their four heirs at a most propitious time.

One painting, Picasso's 'La Réve', bought by Victor Ganz for \$7,000 in 1941, could, with a fair wind, reach \$30m.

The art market, like the property market, is inexorably linked to the economic cycle. 'It's the biblical story of the seven fat and the seven lean cattle,' says Lord Hindlip, chairman of Christie's International. 'We tend to have around seven good years and then seven bad. At the moment we are in about the third year of a good patch - there should be another two or three to go.'

The Ganz collection should ensure that 1997 is very good indeed for Christie's. Last year, for the first time in over four decades, it surpassed arch rival Sotheby's in turnover. This year it secured the Loeb, a very important collection of Impressionist art, which brought in \$92.8m in New York in May. Then it won the Ganz.

Competition between Sotheby's and Christie's for such estates is ferocious. The main weapons are the charm and expertise of their specialists, and their track record. Then come the ego-stroking inducements: a large scholarly hardback catalogue; a pull-no-punches promotional campaign; and the glad-handing transportation of the works round the world.

Christie's, with its own publishing house, prides itself on the splendour of its catalogues and the speed with which they can be produced. The Ganz catalogue is a model of its kind, protected behind two covers, with pull-out colour plates, and illustrated essays on the most important lots. The price, \$40, is steep, but Christie's is confident that money lost on the printing press will be more than recouped on the auction room floor.



knows the significance of the Ganzes as collectors, Christie's persuaded a host of experts, including John Richardson, Picasso's principal biographer, to contribute to a \$55 tribute album, 'A Life of Collecting', which could act as a door stop to a cathedral. It is through such merchandising that Christie's landed the Big One.

No longer offered to the vendor is a discount. During the last art boom of the 1980s, over-eager auction houses were prepared to give their usual 10 per cent charge to secure a lucrative collection, relying on a buyer's premium, paid on top of the hammer price, for their income.

Come the 1990s recession, this cavalier, increasingly cut-throat, approach to business swallowed up profits. By a happy coincidence, both auction houses decided four years ago to hold firmly to fixed charges and rely on professional charm to win business.

Not that Christie's will make a fortune from Ganz. 'This is the most expensive sale we have ever organised,' says Hindlip. If the pictures reach their top estimates, Christie's can rely on collecting \$14m from the 10 per cent buyer's premium.

But, after the cost of the two catalogues, the triple presentation of the pictures to interested collectors - in situ in the Ganzes' apartment in Gracie Square, in a smart new viewing mansion in Manhattan, and in especially refurbished rooms in the main auction house - plus the promotion of the sale, its fee will be much reduced.

It has offered the Ganz heirs a guaranteed sum for handling the sale. Whatever happens in the auction room on Monday week, the executors will get their money, which must be around \$120m. If the sale goes exceptionally well, Christie's takes a larger chunk of the extra revenue generated. But if there is an untoward event which freezes the blood of bidders on the day of the auction, Christie's will be on the road to ruin.

No wonder Lord Hindlip is taking a keen interest in the volatile stock prices of recent days. He cheers himself up with the memory that when the stock markets crashed 10 years ago, it took another 18 months for the shock waves to reach the art world. 'I expect the clever money is already out of the [stock] market.'

Alexander Apsis, who heads Sotheby's Impressionist and Modern department in New York, is equally upbeat. 'When the market is rising, financiers keep their money in stock. When it starts to level out, as now, they spend their profits in other areas, like pictures.'

per cent of the bidders for the Ganz pictures, and most of them will be Americans. In the 1980s, picture prices were pushed to unprecedented heights by Japanese buyers, ultimately to the \$82.5m paid at the 1990 peak, for a Van Gogh portrait of his doctor. When a little-known Japanese dealer made the winning bid at Christie's, the auction came to a halt while a frantic check was made of his financial standing.

Today, Japanese buyers have virtually disappeared, along with the legacy of the 'bubble era' - hundreds of unsaleable paintings, languishing in the vaults of banks. Fortunately for the salerooms, the Japanese show no great desire to offload them piece-meal on to the market.

'American money drives the market more than at any time since the 1950s,' says Hindlip. Luckily for Christie's, the Ganz paintings are very much in today's taste: not the lightweight decorative images churned out by the Impressionists, which so delighted the Japanese, but more challenging pictures, reflecting Modernism, yet not too ugly.

In competition with the Americans, continental collectors will also be interested in the 17 works by Picasso on offer. Picasso remains the most successful artist ever in the auction room, his prices hardly faltering during the recession, and with three of his paintings topping \$30m.

Sotheby's was devastated to lose out on the Ganz collection. Securing the French paintings owned by the late Evelyn Sharp, landlady of the Beverly Wilshire in Los Angeles, and valued at more than \$60m, provided some consolation. The group includes a Modigliani, which could set a record for the artist of \$15m on November 12. Securing 10 paintings by Cézanne, once owned by the artist's early patron Auguste Pellerin, has also helped.

The publicity from celebrity sales, such as the effects of Leonard Bernstein in December, and of Marlene Dietrich in Los Angeles today, grabs headlines. But the bottom line is that this month in New York, Christie's will dispose of around \$300m worth of paintings in perhaps its busiest month ever, while Sotheby's total will be nearer \$200m.

Sotheby's could have the better profit margins. In its general owner sale on November 13, it is offering two \$10m-plus Renoirs, the type of painting by this variable artist that rarely reaches the market, and is inevitably lucrative to handle. The challenge facing both Sotheby's and Christie's is not rustling up buyers but finding top quality paintings, especially works by the Impressionists and the early 20th century masters.

They cannot rely on the old staples of their trade - death, divorce and debt - for consignments, and there is a growing fear that, as with the Old Masters, the best examples of post-1870 art have already entered museums. So the quest is on to develop new sectors of the art market.

Again, Christie's is taking the lead. Four years ago, it started to hold specialist sales of German and Austrian art in London. They proved a great success, helping to attract rich new col-

lectors to the works of the German Expressionists. Last month, a landscape by Gustav Klimt doubled its estimate to sell for a remarkable £14.5m.

Christie's has also just announced an overhaul of the way it sells paintings. In the past, the best Impressionist art was sold alongside the best 20th century art. Monet competed with Picasso, Manet with Matisse.

Now the Impressionists have been firmly consigned to the 19th century, to sell with Delacroix and Courbet, while modern art starts with Picasso and ends with Jasper Johns. Contemporary artists will get the compliment of their own, well-publicised auctions.

The aim is to convince collectors that there are modern masterpieces worth fighting over: already a

by two centuries-old British companies which employed, at pitiful salaries, the more cerebral scions of the aristocracy. Now Christie's and Sotheby's are multinational corporations, alive to the fact that east Asia, and in particular China, will provide a sizeable slice of their turnover within five years.

They are also well aware that encroaching European regulations look set to diminish London's traditional role as the leading antiques entrepôt and are already channelling ever more business to New York - or Hong Kong - for sale.

Sotheby's went professional first, and was acquired by Alf Taubman, the American shopping mall tsar. But Christie's, the traditionally more gentlemanly auction house, has shown itself more innovative. It has recently bought two of London's leading art and antique dealers, Spinks and Leger, giving it the flexibility to offer the glamour of the auction room, the reassurance of a dealer, or the secrecy of an arranged transaction.

This accumulation of power and influence, bolstered by the 30 per cent stake in the company held by Joe Lewis, the very rich businessman who discovered that there was more money in changing currency for the Japanese than selling them duty-free goods, frightens many, especially as Lewis has become a big collector in his own right.

It is certainly far from the refined, arrogant elitism of the recent past. But unless rich collectors feel suddenly poor in the next 10 days, the Christie's tradition of glamour and insouciance will ensure that participants in its New York auction will buy the myth that they are taking part in an aesthetic experience, the noble handing over of works of genius, rather than grubby haggling over canvas covered with paint.

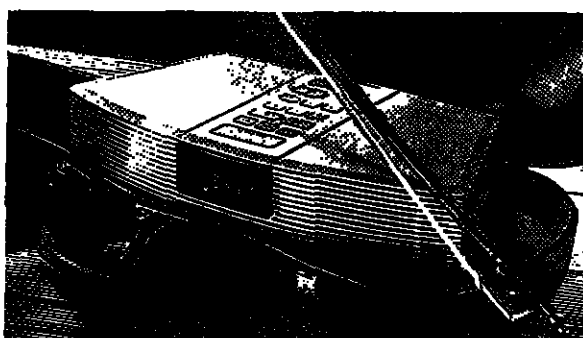
Collecting, Page IX

## After the last stock market crash, it took 18 months for the shock waves to reach the art world

painting by de Kooning, who died this year, has topped \$20m. By promoting 'new' artists and 'new' traditions, Christie's and Sotheby's hope to maintain growth among \$1m-plus lots.

Then there are the novelty acts. Both houses have done well selling sporting memorabilia and film posters, Teddy Bears and Beatles mementoes, wine and (this week in London) the original artwork for Enid Blyton's Noddy, to a new breed of less affluent clients not much moved by Renaissance bronzes and Meissen porcelain.

A generation ago the auction house world was cosy and refined, and dominated



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## This week's contents and columnists

Arts	VII, VIII	Motoring	XIII
Arts Guide	XIX	Perspectives	II-IV
Books	V, VI	Property	XVII-XIX
Bridge Cheese Crossword	II	Joe Rogaly	II
Fashion	XI	Science	II
Food & Drink	XII, XIII	Small Businesses	II
Gardening	XVIII	Sport	XX
How To Spend It	X, XI	Travel	XIV-XVI
Lunch with the FT	III	Weekend Investor	XXII, XXIII



Joe Rogaly  
Banana republics  
'Kinder rules might allow one-crop islands to find fresh sources of income'  
Page III

NEXT WEEK  
Midwinter escapes  
'Northern Norway is as white as Christmas gets. Try dog-sledding and listen to shaggy-dog stories'  
In Weekend FT







## PERSPECTIVES



Joe Rogaly

## Free trade is sending the world bananas

Policies are shaped according to the needs of leading companies. There is no guarantee of heaven on earth

Our weekend repose is about to be disturbed, by an impure thought. Have you seen the new century is a decade old, the World Trade Organisation, or WTO to its friends, will move free-market capitalism into overdrive and hasten the destruction of us all.

Impure? You have to be possessed, unbalanced, off the rails to question universal free trade. Sane, middle-of-the-road folk like you and me do not challenge the collective wisdom of mainstream economists. We join their halcyons to 50 years of efforts to bring down barriers to international commerce.

We would if we had any sense. But some of us are natural doubters. We worry about where it is all heading. We could demand, in diplomatic language, but who would listen? "Hands off our

bananas" is more likely to attract attention than "Caribbean crisis: the plan to establish free trade in long yellow fruit".

You may remember the recent WTO ruling against the European Union's support for banana farmers. It had to come, following a complaint by US-backed competitors. But kinder rules might allow us or more years for one-crop islands to find fresh sources of income. Cultivating poppies for opium is one option.

Again, "keep your mucky hormones out of Europe's beer" works for me, but "as the successor to the General Agreement on Tariffs and Trade, the WTO is a charter for deregulated global businesses", while true, does not quite scan.

The best case is particularly instructive. The EU failed to prove that hormones implanted

by a device stapled to the bars of US cattle could cause cancer in beef eaters. But could it not plead the principle of due care and precaution? After the British scare over mad cow disease that would seem reasonable.

America is not always the plaintiff in these cases. What is more, it does not always win. Venezuela and Brazil successfully challenged the US Environmental Protection Agency's emission standards for imported petrol. Obligated to comply with the ruling, the EPA has relaxed its application of the Clean Air Act. Similar non-green adjudications may be expected over the next few years. Cumulatively, they could wipe out the bulk of US anti-pollution legislation.

The proponents of free trade as a cure for all earthlings' troubles argue that individual states' health and environmental regu-

lations should be ignored or, at best, treated with suspicion. They might otherwise be used as devices to protect domestic producers from incoming competition. The WTO disputes panel is programmed to prevent such prevarication. It is an alternative to the law of the jungle.

That sounds comforting and civilised, but what if the mechanism works too well? Of the 101 cases filed in the first 24 years of the panel's existence, 35 originated in the US - the principal base of global businesses, the world's largest exporter, and the home of intergalactic companies like Boeing, Intel, Microsoft...

Funny about Intel being on that list. Not many years ago, Japanese manufacturers of semiconductors were regarded as a threat, likely to dominate world markets. The US set numerical targets for exports of American

chips to Japan. Today, the WTO is designed to free the world from such constraints.

It will also assist European companies, on whose behalf the EU brought 21 cases, and those of less developed countries, some of which have won. Cross-border buying and selling will gradually become easier, as WTO case law accumulates. When China and Russia join, the reach of this quasi-judicial global institution will include most of the world's population. This is a dizzying prospect. It does not guarantee heaven on earth.

The whittling away of obstacles to trade over the past half century, first under the Gatt and latterly under the WTO, has promoted rapid increases in the overall wealth of the planet. Since 1945, trade has tripled its share of global income, now accounting for more than a fifth

of what humanity earns. This is an accelerating force. Given the additional impetus of the WTO treaties, world production of goods and services could double over the next 20 years.

If you believe that economic growth is the best measure of human happiness, you will cheer. But pause for a moment. Over the past 50 "golden" years, the planet has been steadily deforested. Its oceans have become sinks for human waste. Its cities have become overcrowded ant-heaps. The atmosphere has been laden with noxious fumes. A quarter of the globe's bird species has been rendered extinct. Many of us are better fed, longer lived, and healthier than past generations, but famine and undernourishment persist.

Our ability to call a halt is becoming steadily weaker. The

WTO is a child of treaties concluded after long and painstaking negotiations between its member countries. It is an understanding between governments. When the US looked like being a big loser, as in its sanctions against Cuba, it threatened to ignore any adverse ruling. The litigants, the EU, held back.

Most participating administrations shape their trade policies according to the needs of their leading companies, not foreign consumers. Corporate self-interest lies at the heart of both world trade and the organisation that settles disputes between participants.

Cunning lobbyists, smart lawyers, hired scientists are deployed to win arguments based on the narrowest of definitions of what would do most good. Prepare for tears.

Joe Rogaly@ft.com

Lunch with the FT

## 'Myth', 'nonsense' and 'bunkum'

Kenneth Clarke, former UK chancellor, assures Edward Luce that there is life after government

He did not exactly slap me on the back. But the force of Kenneth Clarke's arrival was almost wounding. "Back in a moment," said the former chancellor of the exchequer. "Just off to the men's room." Still somewhat dazed by the suddenness of his exit, I rather foolishly shook hands for the second time when he returned. "Oh, greeting again, are we?" said Clarke, taking the measure of the sea of faces around us.

La Poule au Pot, a cheerful restaurant in the heart of Westminster, is scarcely the ideal setting for a quiet lunch with Clarke - one of the few instantly recognisable faces left in the Conservative party. The restaurant, where the waiters start off in French (but usually give up in despair), can seem cramped during a weekday lunch hour.

It came as little surprise that whenever the former chancellor opened his mouth, the table next door fell into a deathly, what-is-he-saying hush. "You can get really good, filling provincial French cooking here," said Clarke, settling down to serious consideration of his menu. "I don't particularly like nouvelle cuisine. What you need is something that fills you up."

I said the last time I had eaten here was after the British general election in May. For a brief moment the mood in London had seemed exuberant. Strangers actually smiled at each other on the streets. Even the sun was shining. The feel-good factor, denied Clarke during his time in office, had suddenly materialised and the new government got all the glory. So what was it like, I wondered, to be deprived of high office?

"The reason I went into politics was to be able to influence events," said Clarke, who seemed every bit as jovial as he appeared before the May defeat.

"So after 18 years in government it is quite sobering to discover that everybody is much less interested in what you have to say. Our nosy neighbours would probably have liked to interrupt at this point."

Clarke was not going to let post-high office trauma trample all over his life. "Life's too short. If I took my doctor's advice and gave up cigars and wine, I'd probably be suffering from stomach ulcers and high blood pressure by now. Those are the things which relax me."

Aware of his reputation for putting away pub lunches, I suggested he might like a pint of beer as a palate cleanser. I had already arched one waiter's back by ordering a Diet Coke. "No, no, we'll have wine with the meal," he said. "What on earth do you bother with that stuff for? You ought to watch out or you'll end up with a figure like mine."

It struck me that Clarke,

who was probably the most respected member of the last Conservative government among its generally bemused European counterparts, might have felt liberated by the election result. Having had a gun held to his head by the Europhobic section of the Conservative party, he was now free to speak his mind and pursue his other interests.

But it soon became clear that his hinterland - the world for politicians with non-political interests - was not as wide-ranging as I had thought. "After the election my wife and I always said we'd take the opportunity to go to the theatre regularly. But somehow after six months we still haven't got round to it." What about books or films or travel? "Not really. I usually buy the occasional political biography for bedtime reading but it takes weeks to finish."

Perhaps Clarke was too busy pursuing his commercial interests. Post-election, these include the £120,000 a year chairmanship of Unilever, the drugs distribution company, and a couple of non-executive directorships in the City. Not surprisingly, given his penchant for cigars, Clarke has also accepted the deputy-chairman's position at Brit-

ish American Tobacco.

By this stage we were polishing off our starters - asparagus with hollandaise sauce in Clarke's case. He prodded the sauce with gusto. What about warm English ale and Saturday afternoon football matches? In a party dominated by the upwardly mobile, Clarke's earthy reputation makes him something of a people's Tory in many eyes.

"That's a complete myth," said Clarke with feeling. "The media love to create this cardboard cut-out image which is then almost impossible to contradict. In my case, the stereotype never did me very much harm so I gave up trying to correct it."

But what about removing your furniture from Downing Street after the election defeat, I protested? It would be difficult to imagine Nigel Lawson - or Robert Rubin, US Treasury secretary, for that matter - shifting their own sofas.

"That's exactly the point I'm trying to make," said Clarke triumphantly. "I didn't hire my own van to move from Downing Street. That was done by professionals. What you saw were pictures of me removing one or two pieces of my mother-in-law's furniture from my home in Nottinghamshire. When I tried to point this out nobody took the slightest bit of notice."

Beating a hasty retreat, I switched the conversation to safer topics as Clarke refilled our wine glasses. It has become fashionable, I said, in spite of periodic stock market panics, to talk about the death of inflation. Celebrity professors and investment bankers claim to have

discovered a "new economic paradigm". This so-called Goldilocks economy - not too hot, not too cold - has banished the traditional business cycle.

What did Clarke - the man who brushed aside repeated pleas by the Bank of England to raise interest rates during the last two

"The image never did me much harm so I gave up trying to correct it"

years of his tenure - make of all this theorising? "It's complete bunkum," he said. "Whenever we experience a few years of growth, people start saying we have abolished the economic cycle. I would very much doubt whether Alan Greenspan [chairman of the US Federal Reserve] agrees with this."

Clarke was by now chomping his way through the main course - sea bass and vegetables in his case and seafood casserole in mine. It seems he has a deep mistrust of economic theory in general. "When I was chancellor I was constantly harassed with neat economic models and tidy economic projections. Some of them helped you to think or gave you something useful to argue about, but, in general, most of them had absolutely no bearing on what was actually going on."

I tried to imagine what it would be like to be a young economist presenting Clarke

with the latest quarterly forecast. If the sardonic expression wasn't withering enough, the cigar smoke would have choked the delivery. "If it comes to a choice between anecdotal evidence and the latest economic model I would always go for the anecdotes."

"The Bank of England's quarterly inflation report was often complete nonsense. What I would say to them is: 'Have you talked to anybody in the real economy recently?' They didn't like it very much."

As we polished off the dress of the beaumonts, the conversation drifted back to politics. I had always wanted to know more about Clarke's role in the downfall of Margaret Thatcher. After having won narrowly in the first ballot of the leadership challenge in 1990, the prime minister said she would consult each member of her cabinet before deciding whether to continue the battle. For most, the prospect must have been blood-curdling.

"She asked me to become her campaign manager. I said I didn't want to and I wouldn't be voting for her in any case. She said: 'It's not like you to be so defeatist, Ken.' I replied: 'I'm not being defeatist I'm trying to tell you that you have been defeated.'"

I said it must have been possible to cut the atmosphere with a knife. "Not at all. The atmosphere was actually very friendly. Margaret and I understood each other. We both liked a good argument. But she always respected my directness."

The neighbouring table was already into the second cigarette. We decided to skip

dessert and move straight on to coffee. The waiter looked mortified when I asked for milk with my double-espresso. Clarke, guffawing, sided with the waiter. "Milk with your espresso?" he said. "Oh dear, whatever next?"

Much to my disappoint-

ment, Clarke opted to forego a cigar. He said he'd better hurry to his next engagement. But he left behind the scent of his presence much as cigar smoke lingers in a room for a few hours. It's an unusual political fragrance. Bottled, it could be marketed

under the label "Bonhomie" - the long-lasting eau de toilette for the man of good humour and strong will.

If the political cycle had been more kind, and not isolated Clarke in opposition during his prime, it could have been a best seller.



Kenneth Clarke: "When I was chancellor I was bombarded with neat economic models and tidy economic projections. Some of them helped you, but most of them had absolutely no bearing on what was actually going on"

Lynne van der Meer

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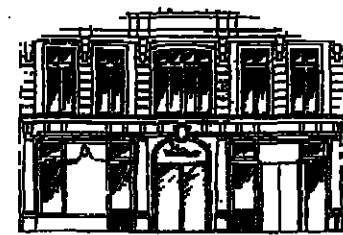
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PERSPECTIVES

# The planet gets ready to party

Pessimism is passé, fin de siècle foreboding is out, says Michael Thompson-Noel, as he reflects on the pre-millennial mindset

Have you noticed how nicely things are ticking along? Only an idiot would maintain that everything was coming up roses for the people of Earth as they approach the end of the ugliest, bloodiest century since their first ventured outside their ancestral east African savannas. But things do seem to have gone quiet. Some mornings when I leave the London house, all I can hear is the whir of the Earth rotating on its axis and circling the Sun as the whole shebang - Sun, planets, moons and Clinton White House - shuttles silkily in orbit around the centre of a galaxy which is itself voyaging soundlessly through space to... a place we do not know.

For the moment, there are no large or even middling-scale wars on Earth. No superpower confrontations (mainly because of a dearth of superpowers). No significant famines or programmes of genocide. No immediate likelihood of global economic cataclysm or the vaporisation of world financial markets. To a mature planet-watcher, this week's corrective declines in world stock markets have been no more frightening than a single snowflake falling from a lapis lazuli sky.

Even the prophets of technodoom - those who maintain that humanity will be lucky to survive the next 200 years or so - seem to have pined down. Some things stay the same, of course. As the number of earthlings surpasses 5bn - a mere milestone en route to a much larger, perhaps Malthusian-style figure - so the total tonnage of human viciousness, cruelty, anger, cupidity and stupidity is doubtless growing in proportion.

We are the baddest species in this far-flung suburb of the Milky Way. We may even be the baddest crowd in this part of the universe.

But we are not completely rotten. We can be kind, generous, loving. We laugh more than we cry. Occasionally - perhaps increasingly? - we are able to take stock of ourselves and to conclude that with more goodness and less badness we might make the grade one day as a wise species that deserves its place at the head of the food chain on the third rock from the Sun. What is more, it is my belief - supported by a thrilling absence of evidence, apart from vibes, runes, instinct and, especially, the books I have read recently - that earthlings have cast off the pre-millennial angst that was fashionable only half a decade ago. Instead, they seem to be entering a phase of relative optimism. Generally, planetary doom-mongering is out for now, pessimism passé.

Or so it seems to me. I am a white, male, childless, 50-something atheist who expects to check out, for good, in approximately 2012, and to be reunited with friends and relatives in a few thousand million years, as



stella dust-motes. All my life I have been horrified by human badness, violence and cruelty.

I can hardly bear to see a child crying or a cat killing a bird, let alone contemplate the 20th century's excursions into industrial-scale warfare and genocide. I have been a pessimist most of my life. Yet I am not, at present, pessimistic. I am light-hearted and jovial - even, God bless me, up.

Nor am I alone. "Shrinkers" gripped by anxiety crisis in feel-good New York, said a headline in The Times of London the other day. Citing New York magazine, The Times reported that wealthy and neurotic New Yorkers were abandoning their psychoanalysts in droves, threatening their city's long-standing reputation as the world's shrink capital. According to recent studies, NY therapists had this year suffered an 11,000-hour drop in total patient therapy hours.

Not that there aren't pockets of anxiety to be found within and beyond the Big Apple. In their introduction to a collection of essays called *The Age of Anxiety*, editors Sarah Dunant and Roy Porter write that in certain key ways, millennial anxieties have changed less than we might think from 1000 to 2000. Floods, droughts, plagues are familiar motifs of anxiety for us now, as they were for people then.

"The difference is that while they saw natural disasters as God's way of drawing attention to man's evil, we see it more as man's chronic mismanagement of

nature. God - unless you happen to be an American fundamentalist - has nothing to do with it."

For many, claim Dunant and Porter, the future now seems less about going forwards than going backwards.

This was because the 20th century had brought us "air travel, antibiotics and a million other advances [but also] the bomb, two devastating world wars, the mechanisation of genocide, an unprecedented displacement of humanity over the globe and an orgy of torture and state violence."

"For perfectibility read corruption, for belief in progress read naivety... As we enter the 21st century, the idea that future equals progress has sustained a philosophical body blow from which it will not easily recover."

However, one of the contributors to *The Age of Anxiety*, Geoff Watts, stresses that anxiety about science is not a new development, and that *fin-de-siècle* fears and paranoias - swollen, at the end of this particular *siècle*, by the transition to a new millennium - are customary in every branch of human affairs.

That people should harbour fears about the pace and direction of science and technology, and about some scientific achievements, said Watts, was understandable.

We were awash in prophecies of horror - chemical and radioactive pollution, over-population, resource depletion, biotechnology, holes in the ozone layer,

global warming, shrinking willies.

In the end, said Watts, what he feared most was not the abuse of science, but its rejection. "Could such a thing - a partial reversal of the Enlightenment, no less - actually happen? The few examples we have are either so singular (the attempt by the Khmer Rouge to return Cambodia to 'Year Zero') or so narrowly eccentric (the US Bible Belt rejection of evolution in favour of creationism)."

With acid rain, ozone depletion, chemical pollution, radioactive, the razing of tropical rainforests and a dozen other assaults on the environment, he said, we were pushing and pulling our little world in poorly understood directions.

And, if not graced with an instinctive knowledge of how to make our world a safe and balanced place, we must figure out how to do it. "It is up to us. It should not be impossibly difficult. Birds - whose intelligence we tend to malign - know not to foul the nest. Shrimps with brains the size of lint particles know it. Algae know it. One-celled micro-organisms know it. It is time for us to know it too."

Sagan was dying when he wrote *Billions and Billions: Thoughts on Life and Death at the Brink of the Millennium*. Carl Sagan, who was both an astronomer and one of the century's most distinguished popularisers of science, reminded us that we all experience at least

a dull background level of assorted anxieties. "There is a clear survival value to this buzz of whispered reminders, wining recollections of past faux pas, mental testings of possible responses to imminent problems," wrote Sagan. "Anxiety is one of those evolutionary compromises - optimised so there will be a next generation, but painful to this generation. The trick, if you can pull it off, is to pick the right anxieties. Somewhere between cheerful dolts and nervous worrywarts there's a state of mind we ought to embrace."

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The whole shebang - Sun, planets, moons and Clinton White House - shuttles silkily in orbit

ism) that they illustrate nothing but themselves. On the whole, though, while I'd certainly be fearful if scientific rationalism were widely rejected, I don't believe it will be."

In his last book, called *Billions and Billions: Thoughts on Life and Death at the Brink of the Millennium*, Carl Sagan, who was both an astronomer and one of the century's most distinguished popularisers of science, reminded us that we all experience at least

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pleted *Billions and Billions* he was struggling, vainly, against a specific foe: myelodysplasia, a bone marrow disease.

It would not be surprising, therefore, to detect wispiqueness or sentimentality - even bleakness - in his last book. But there isn't any, though many things still worried him a lot. One of them was global warming. If we were to prevent this danger from working its worst, we would all simply have to co-operate, over a very long time. "The principal obstacle is, of course, inertia, resistance to change - huge, worldwide, interlocking industrial, economic and political establishments all beholden to fossil fuels, when fossil fuels are the problem. In the US, as the evidence for the seriousness of global warming mounts, the political will to do something about it seems to be shrivelling."

Sagan was also haunted by nuclear weapons. Quite certainly, they were the greatest of all the dangers facing humanity.

Despite these fears, the overall tenor of *Billions and Billions* - as of many books I have read this year - is, at heart, life-affirmingly optimistic. Sagan was especially impressed, for example, by the signing of the Montreal Protocol and its amendments, which seek a total phase-out of the use of ozone layer-damaging CFCs (chlorofluorocarbons).

"The hole in the ozone layer is a kind of skywriting," he wrote. "At first it seemed to spell out

our continuing complacency before a witch's brew of deadly perils. But perhaps it really tells of a new-found talent to work together to protect the global environment. The Montreal Protocol and its amendments represent a triumph and a glory for the human species."

Where *Billions and Billions* is coolly optimistic, *The Next 500 Years: Life in the Coming Millennium*, by science journalist Adrian Berry, is swashbucklingly cheerful and gung ho - so impressive in its scope and grasp that it galloped warm endorsement from the planet's greatest living scientific seer, Arthur C. Clarke.

In an early chapter, "Why Great Panics Don't Usually Matter", Berry argues that humans have a marked propensity to panic, especially over imaginary dangers. "Threats of overpopulation, of man-made global warming and of disease caused by the thinning of the ozone layer tend to be exaggerated to the point of hysteria," he claims.

The environmental crisis that we do face, argues Berry, is one

'Between cheerful dolts and nervous worrywarts there's a state of mind we ought to embrace'

that was feared in the 1970s but is currently forgotten: the next ice age. He says it is already overdue and might arrive with terrible swiftness.

In Berry's view, humanity will feel a lot safer in 2500 than it does today, because groups of humans will be scattered throughout the solar system. No single disaster - nuclear war, asteroid collision or climate deterioration - could threaten them all.

Human communities on the Moon, Mars, the satellites of Jupiter and Saturn and in man-made space cities may have reason to fear disasters that could threaten them only. "But there will be none of that more subtle dread, present for much of the 20th century, of racial [human] extinction, a cosmic tragedy that might have destroyed the galaxy's only known intelligent civilisation and rendered the universe meaningless."

As a result of the books I have read recently, I am at present more of an optimist than a pessimist. There may be hundreds of millions of people like me. If so, planet Earth must be heading for a more runabulous New Year's eve 1999 than was generally envisaged as recently as the start of the 1990s.

Perhaps the burst of optimism that I imagine I have detected is just an ersatz thing: another form of escapism akin, in its usefulness, to drugs, strange sex and the avalanche of crud that is modern mass culture - a way of helping us forget the extraordinary cruelties of the 20th century, and encouraging us to close our eyes to future horrors.

Perhaps the optimism I imagine I have detected will be suddenly short-lived. Yet I am not asking for much. If it lingers until 2012, it will just about see me out.

## Pen-pal to the condemned

Gerard Baker meets Sister Helen Prejean, America's campaigning nun who fights the death penalty

You know you've got problems when your mailbox starts to contain correspondence from Sister Helen Prejean. For the past five years, the campaigning nun with the taut literary style and the Cajun drawl has been pen-pals with prisoners on death row across the United States. "I take one person at a time," she says enthusiastically. "I'm accompanying a man now in Louisiana. He's my fifth one." It hardly seems polite to ask what happened to the previous four. But in the country where judicial killing is now as much a part of the culture as the non-judicial variety, it isn't really necessary.

In remarkably short order, Sister Helen Prejean has become the most effective crusader in the US against the largest blot on America's reputation for humanitarian decency, the death penalty. In a country that shows no sign of easing its thirst for legal revenge, she has played a lonely but successful role in keeping alive debate on what for most politicians is a closed subject.

Her grim register of pen-pals is one element in an energetic campaign that takes her to death row, to visit the inmates, to leafy university campuses and dusty church halls, where she describes the horrors of the chair and lethal injection, and to Washington to do battle with her opponents in Congress. It has also won her international recognition - so far this year she has delivered speeches in Ireland, Italy, and last month in Japan, a country that executes criminals with even greater alacrity than the US. There is whispered talk of her as a potential nominee for next year's Nobel Peace Prize.

Her passionate denunciation of the grisly process (which she has witnessed herself) is both emotionally and rationally powerful. "I've gone with four people to executions - three in the electric chair here in Louisiana. When you watch it, this scripted death, you experience it as a profound act of despair. It degrades us, demeans us as a people."

Undeniably persuasive though she is, she acknowledges that her crusade would never have escaped the pages of the social policy press had it not been for the movie *Dead Man Walking*. The Oscar-winning film of Sister Helen's book was a remarkable box office success.

Directed by Tim Robbins and starring Susan Sarandon as Sister Helen, it told the story of the nun's Death Row friend Robert Willie, executed in 1986 for the murder of a teenage couple in Louisiana. It gave Sister Helen what any American cause needs these days - Hollywood validation.

Sister Helen was initially doubtful of the merits of putting her story on celluloid. "I was a bit concerned when I first heard they wanted to do a movie. Hollywood has something of a reputation for trivialising nuns," she says. Images of a serenely pious Audrey Hepburn and a cowering Whoopi Goldberg spring to mind. But she was impressed by the passion of the Robbins-Sarandon team, and realised they shared

her vision of what should be the film's basic thrust. "The nun-star and I are sipping tea (hot, in my case - 'Boy, you're a true Brit,' she marvels) in 90°F heat and humidity in the dank kitchen of a shabby house on the wrong side of the streetcar tracks in New Orleans."

This is the incongruously named "Hope House", a haven of Christian help and monetary salvation in the Crescent City, and Sister Helen's home base, where she has worked on and off for 20 years with other sisters of St Joseph of Medaille. Against the familiar grimy backdrop of urban poverty - drug sellers and gunfire on the streets, deprived and abused children in the homes, half the young men dead or in jail - it becomes clear that the origins of Sister Helen's compassion for the condemned stem from her attitude towards social as much as criminal justice.

"Part of the soil that leads to the death penalty is what's happening in these projects right here. People live out the death penalty here, too, even if they don't go to death row, because you've got no healthcare, you're forced to live in a place where your children are shot on the streets. You've got no choice."

She points out that the majority of prisoners on death row are blacks sent there by all-white juries. Black juries do not vote for the death penalty, she says. But she is clearly conscious



Sister Helen: shifted the Vatican from centuries of canon law

that this compassion for the poor, criminal class can be misconstrued as lack of compassion for the victims. She has helped establish charities that provide psychological and religious support and other help to the families of victims of violent crime.

Earlier this year she won a surprising ally in her struggle - the Pope. Her greatest adversary in

feels that the taking of life is necessary to preserve its existence, it may do so, provided strict conditions are met.

Troubled by what she saw as the exploitation of St Thomas, Sister Helen wrote to the Pope, telling him the death penalty was being justified in terms of strict Catholic ideology. She was not encouraged by the immediate reply. But earlier this year, to her astonishment, the Vatican issued its revised catechism, which had a much harsher wording on the death penalty. An important line, which said the death penalty could morally be held in reserve for cases of extreme gravity, had been removed.

Sister Helen says Cardinal Joseph Ratzinger, the Pope's principal thinker on church doctrine, was disturbed that Catholic prosecutors were using the catechism for their campaign. "Cardinal Ratzinger said in his press conference that, in effect, he could not see how Catholics could defend the death penalty any more, because there are such severe criteria for its use."

Shifting the Vatican from centuries of canon law must seem like small beer compared with the task of changing US public opinion and the votes of members of Congress and the Supreme Court.

This year the US has executed 60 prisoners, already surpassing its record for the largest number of executions in one year since

the death penalty was restored. But worse is to come. As early as next year, the US will start to see a tidal wave of executions. A large number of death row appeals that have dragged on for years will run out of time, says Sister Helen, and the number of executions will escalate sharply.

The problem, she acknowledges, is that executions have become a political touchstone. Support for capital punishment regularly runs at more than 70 per cent in opinion polls, and even otherwise liberal politicians are disinclined to oppose it.

Sister Helen contemptuously recalls how Bill Clinton used the issue to political advantage while governor of Arkansas in 1992. In the course of his election campaign, he made a point of returning to Arkansas to authorise, and officiate at, the execution of a lobotomised death row inmate.

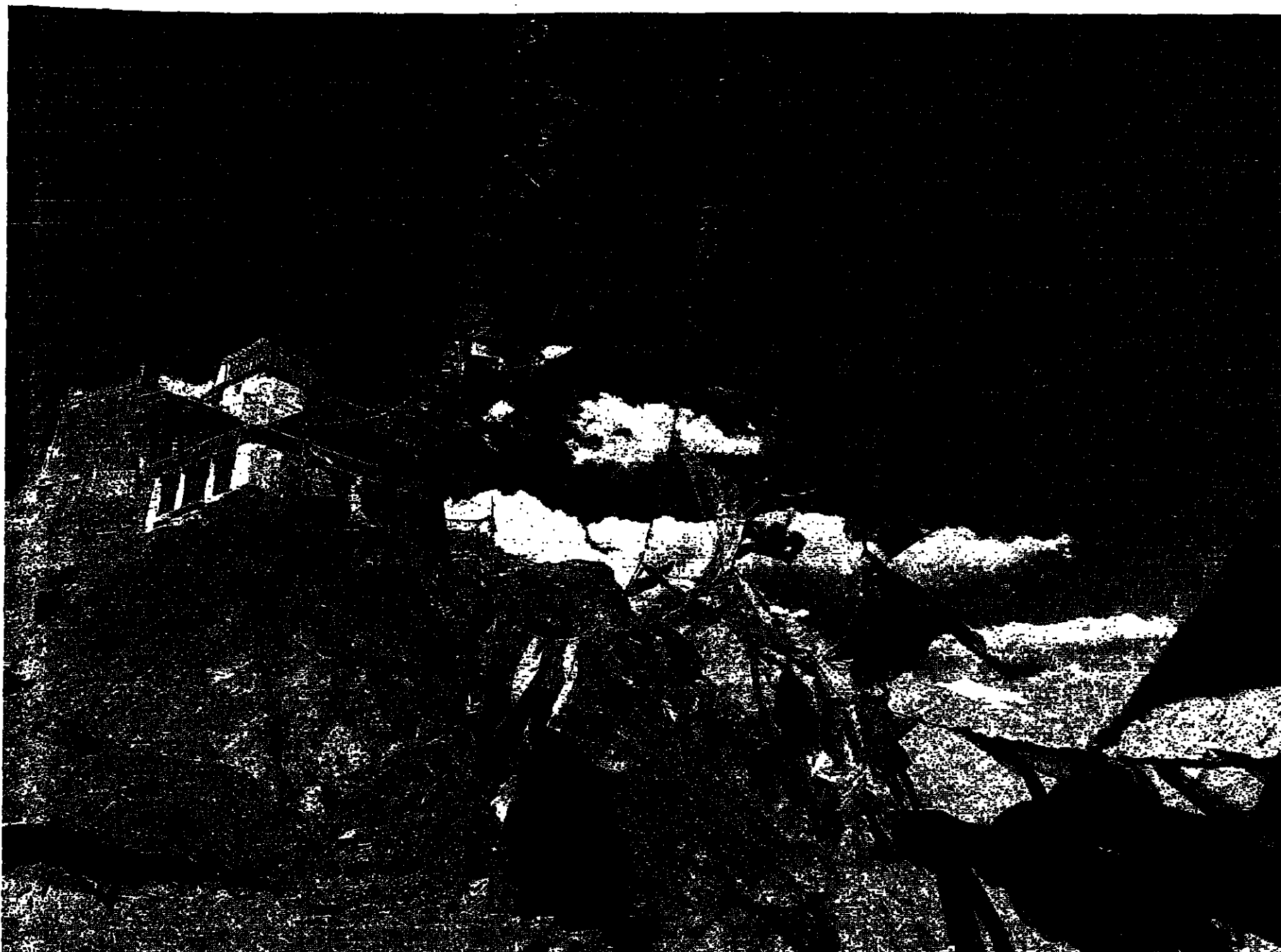
Does she have any chance of changing minds in the current political climate? Sister Helen is, as ever, remarkably upbeat. She is pinning her hopes on the rest of the world, believing the US can be shamed into realising it is one of the last few supposedly civilised countries that still kills its citizens.

"As we become more international, Americans are going to be increasingly accosted by diplomats, church people and others about the death penalty. It's going to become more and more uncomfortable for us."

It's hard to be as optimistic. Most Americans seem disinclined to change their minds at the behest of interfering Europeans. But Sister Helen is as indomitable as she is persuasive, and you can't escape the feeling that she might pull it off.



BOOKS



Tibetan prayer flags flying at Leh Gompa monastery in the Ladakh mountains. Tibetan monasteries were accused by the Chinese of 'harbouring reactionaries' and Palden Gyatso was among thousands of monks arrested and imprisoned over a period of 30 years. Many were tortured and killed. The photograph, by Ian Cumming, was taken from 'Royal Geographical Society Illustrated', (Scriptum Editions, £45)

# Nightmare on top of the world

Colina MacDougall finds a testament to human tenacity and devotion in two accounts of life in Tibet

One only has to go to Tibet to see that even if, politically, it is part of China, it is scarcely so otherwise. Geography, history, race and religion all set it apart. But Tibet's strategic position overlooking the Indian sub-continent has always made it desirable to Beijing. Historically, when China was powerful, it exacted tribute from a ring of states, of which Tibet was one. When weak, as it was in the chaos that followed the 1911 revolution, these states went their own way. Tibet sought safety in isolation and so had no allies when China's communist armies invaded in 1950.

Since then, it has become increasingly a Chinese colony, with its distinctive culture cruelly suppressed. Palden Gyatso, then a young monk, was arrested in 1960 on a ridiculous charge. From then on, for over 30 years, through the long years of the famine after the Great Leap Forward, the Cultural Revolution and China's slow return to what passed for normal, he was kept in brutal detention.

Palden was 18 and already a monk when the Chinese began to arrive. He vividly describes his life as a child in a prosperous farming family during the 1930s. In his first years in the local monastery, from the age of 10, he had little inkling

of the world outside the valley. When the monks were told that a tenant of his father's had been killed fighting the Chinese in east Tibet, he recalls "We listened to this story as though it was an epic poem...there was no realisation that our country had just been invaded and was on the brink of being conquered by the Chinese."

When the Chinese did arrive in Palden's village, there was initially no disruption to religious life. He was able to go to Lhasa to pursue his studies at the great monastery of Drepung. But in 1957 news of the destruction of the great monasteries in eastern Tibet began to seep through. By March 1959 Lhasa was flooded with refugees. The political tension was such that when the Chinese invited the Dalai Lama along to an entertainment in their garrison, Lhasa people suspected a plot to abduct him and exploded in revolt.

In the resulting chaos the Dalai Lama and his family escaped to India and the Drepung monks fled. Palden and his teacher returned to the monastery in his home village. But one ominous day Chinese officials arrived to accuse the monastery of "harbouring reactionaries".

Then the long nightmare began. Palden's teacher, Gyen, had Indian nationality and the Chinese officials accused him of being a spy.

When Palden denied this, the Chinese beat him up. There was no proper charge or judicial process, but he was sentenced to seven years in prison, later more than doubled to 15 for trying to escape. In prison, inmates around him, many also monks, died by the thousands from starvation or beatings in the notorious "struggle sessions", where terrified inmates were forced to attack one another. In 1975 his sentence came to an end but he was not released. Like most ex-prisoners in China, he was sent to a forced labour camp. There he found out that his father, brother and step-mother had been killed or paralysed by a series of brutal beatings.

Palden was not released until 1983. But he and other monks were quickly back in prison for publicly

protesting against Chinese mistreatment. Despite China's gradual opening to the outside world, on his return to prison Palden found the treatment was no better; only different. He was incarcerated in a newer building, but the Chinese had more modern methods of controlling prisoners, such as electric prods. And as the world - especially the US, where Hollywood has recently made two star-studded films about the region - became more aware of repression in Tibet, China clamped down even more tightly outside the prisons, planting informers everywhere.

After Palden's final release and escape to India, in 1995 he gave evidence to the UN Commission on Human Rights on China's prisons system. Not surprisingly, the Chinese denied Palden's charges. Should we believe his story? There is good reason to do so, since the gist is confirmed by thousands of others, Tibetan and Chinese, who have escaped from Chinese prisons. If Beijing today pays more attention to human rights issues, it is certainly because Palden and others have been able to relate their experiences in the west.

Tsering Shakya, a London Tibetan scholar, has done an excellent job in shaping this narrative into a moving and enlightening book. By contrast, Jetsun Pema's

autobiography is rather lame. As the youngest sister of the Dalai Lama, she might have been in on the main events of Tibetan recent history, but when he escaped from the Chinese in 1959, she was safely at school in India, and during some of the worst years in Tibet later at a smart finishing school in Switzerland.

Her life thereafter has been devoted to caring for Tibetan refugee children. Only her delegation to Tibet in 1980 has been of historical note. She undertook this on behalf of the Dalai Lama, at the invitation of a then more flexible Beijing. She was shocked at the destruction and tragedy the delegation found.

The trip was marked by constant wrangling with Chinese minders who tried to prevent the group meeting Tibetans, and it led to no further rapprochement.

Since the 1980s Tibetan protest against China's occupation has provoked much tougher responses from Beijing, which now denounces the Dalai Lama as a traitor. China's current policy is to rule with a rod of iron, settle more ethnic Chinese there and exploit the region for its mineral wealth. But there is little doubt that Tibetans, many of whom share the tenacity and devotion of Palden Gyatso, will continue to protest.

**FIRE UNDER THE SNOW: TESTIMONY OF A TIBETAN PRISONER**  
by Palden Gyatso  
Harvill Press £17, 232 pages

**TIBET, MY STORY**  
by Jetsun Pema  
Element Books £16.99, 254 pages

First, there were *Poems On The Underground*: frail verses mixing it manfully with the brash advertisements on London's ailing underground network to distract and enlighten us at the same time. Then there were *Penguin Sixties*, pocket-sized chunks of the publisher's most eminent authors, retelling at just 60 pence a time, to while away half an hour or so on the journey to work.

Now comes the ultimate in twinning high culture and high disposability: *The Great Philosophers*, a series of 12 short, elegantly-packaged paperback introductions of some of the most difficult ideas in history at just £2 a time. Rarely have intellectual sophistication and complexity come so cheap.

There have been attempts to condense the works of philosophers before - the *Made Simple* and *In 60 Minutes* series - but the editors of the new cycle, by concentrating on just one thread of the philosopher's work rather than attempting a comprehensive overview, are attempting a fresh approach to capture curious minds.

One thing those minds need to cope with is the intrinsic difficulty of the

## Philosophy on the move

subject, according to one of the editors and biographer of Wittgenstein and Russell, Ray Monk. "You cannot just pick up Wittgenstein's *Tractatus* and immediately understand it, and that is true of every philosophy book that has ever been published," he says, criticising the *Made Simple* approach. "We are avoiding the absurdity and ultimate dishonesty of pretending that a difficult body of work is actually very simple."

Neither is the series meant to compete with the Fontana Modern Masters and Oxford Past Masters guides to individual philosophers. "They end up reading like entries in encyclopaedias. What they don't do is introduce the reader to philosophy, or to what it is like to read Russell or Wittgenstein."

Hence the guiding principle of the new series, that each small volume - none is more than 60 pages - should be split between a commentator's words, and the philosopher's own words, thus retaining some of the spirit of the original works under review. "We were looking for a 50-50 split, so that we get a good idea of a philosopher's view of a particular subject."

This is a brave approach, given that the first batch of philosophers includes Hegel, Turing and the notoriously

opaque Jacques Derrida. Monk concedes that, for a series aimed at the tube or train traveller, the books are demanding but remains convinced that the public will respond positively, partly in reaction to "the dumbing down of the media and the insultingly low intellectual standard of what is being presented to them".

**THE GREAT PHILOSOPHERS**  
edited by Ray Monk and Frederic Raphael  
Weidenfeld & Nicolson, £2 each

Then there is always the publisher's blurb: "As critics investigate the 'death of the author', they find Derrida's prints all over the murder weapon", proclaims the back cover of Christopher Johnson's guide to the father of deconstruction, one of the most elusive-philosophical concepts around today.

The very inclusion of Derrida is controversial, as he is one of the continental philosophers most derided by those schooled in the Anglo-Saxon analytic tradition. This was highlighted once more by the publication of *Impossibilities* by Alan Sokal and Jean Bricmont, an attack on the pseudo-scientific nature of much French philosophy.

Monk sympathises with the attack, but vigorously defends Derrida's work, preferring to criticise the excesses of some of his followers. "Derrida has inspired a whole lot of nonsense in English and American universities, but it is the responsibility of philosophers to read Derrida for themselves."

Another highlight from the set is Ronald Hayman's book on Nietzsche, a moving account of how the voices inside the philosopher's head finally led him to madness. This is another volume which might not have appeared in the more inflexible climate of 20 years ago: "I was told as a graduate student at Oxford that Nietzsche was not a philosopher," says Monk.

But it is charismatic figures like Nietzsche and Wittgenstein who capture the imagination of the public. "I think people wanted someone to explain both (Wittgenstein's) fascination as a person and what his work was all about," Monk thinks these are the volumes in the new series which will most tempt the intrepid tube traveller. Of his own Bertrand Russell, he is less optimistic, seeing only another prejudice to be dismantled: "I think mine will sell the least because it has the word mathematics in it."

**Peter Aspdon**

First 12 volumes are: Nietzsche, Derrida, Descartes, Marx, Locke, Ayer, Berkeley, Wittgenstein, Turing, Hegel, Sokrates, Russell.

A quotation from Paul Valéry, to the effect that "The future is not what it was", provides the basis for this entertainingly witty novel. Like Buckingham, the town that changed its name in 1949 to Luthurburg, and then in 1994 changed it back again, *Me, the Moon and Elvis Presley* is peopled with bizarre inhabitants who constitute "the rainbow community of the new South Africa".

The central character is a mixed-race girl, who, when originally asked who she is, replies "Me"; the name sticks, until later in life she becomes Mimi - "because there's more of me now". As a child she is bought for a few bars of home-made soap by Aunt Betsy, who believes that the leader of her Party, "Dr Malan, the Good Doctor, was the messenger of God".

The Moon of the title is the entrepreneurial, elegant Pascal Le Gros, who takes over the run-down Hunter's Arms and turns it into Luthurburg/Buckingham's centre of socio-political life. When Mimi first sees him, "he didn't so much as arrive in Luthurburg, he arose; like the moon." Elvis is Elvis - and the craze that went with him and still continues.

Christopher Hope writes with energetic pace and great insight. He is exceptionally funny in parts, and intensely serious by implication about politics and prejudices. The new South Africa with its diverse past, its blacks, browns, its whites, its Much Deformed Church, its many religions and preju-

ices, is shown struggling for unity.

Elsa Harding, a Post Office pole planter's wife, acquires a lime-green budgerigar called Roy which has picked up all sorts of phrases unacceptable to the new South African order. The budgie "was her friend, pupil, child, her Royboy", but, sadly, it defined people who were walking by as, for example, "five affirmatives and one coolie"; "a woodenhead", or "Hottentot". The civil administration cannot allow these loud-mouthed designations and the thought police require Roy to be disciplined.

If Mimi de Bruyn is tormented by the past and haunted by the future, so is the hero, Osman, of Orhan Pamuk's Turkish novel. *The New Life* is philosophical, visionary, hallucinatory. There are strong hints of

death. Osman embarks on his journey, a long series of rides on a Turkish bus: "I read a book and lost my whole world. I set out on the road to find a new world." He finds an amorous temporary, only to lose her; encounters an angel, maybe her, perhaps his guardian angel, even the angel of death, or all three in one. He becomes both victor and victim, the assassin and the assassinated.

There are some disquieting North American colloquialisms in this translation - a truck "rattled rumbunctiously into the intersection"; Americans will not mind this, but they might object to the sideswipe at their civilisation: "The west has swallowed us up, trampled on us in passing. They have invaded us down to our soap, our candy, our underpants; they have finished us off." Osman, in full rejection mode, ends this life in one hell of a smash, looking forward to the new one.

**Fiction/Brian Martin**

## Old habits, new lives

**ME, THE MOON AND ELVIS PRESLEY**  
by Christopher Hope  
Macmillan £15.99, 256 pages

**THE NEW LIFE**  
by Orhan Pamuk  
Faber £14.99, 246 pages

Bulgakov, a none too convincing denial of Chekhov, and definite echoes from J.G. Ballard's infamous *Crash*, travelling on a bus by night, Osman experiences a crash with an oncoming coach: "The agony between my legs grew more acute, making me yearn to strain, explode, and then abate." Exactly that happens.

*The New Life*, a quest novel, can be read on different levels. It is about the power of literature, about religious obsession, about the destructive force of love, and it is an allegory of life itself: "Believe me, at the end, there is nothing but

## The road to fame

Joan Smith admires the energy and honesty of Doris Lessing

In 1952 the novelist Doris Lessing, who had recently decided to join the Communist party in London, was invited to visit the Soviet Union. With five other writers, including Naomi Mitchison and Arnold Kettle, she toured Stalin's Russia under the aegis of an organisation called the Authors' World Peace Appeal. They attended banquets, visited a collective farm and a children's summer camp and in Leningrad Mitchison asked to meet the disgraced writer Mikhail Zoshchenko, who was rumoured to have been murdered.

Zoshchenko was duly produced. Lessing, who felt the demand was ill-advised, recalls him as "a little thin man, yellow-skinned, and he looked ill, and was being brave, and dignified". He explained that he had seen the error of his ways and was now writing a novel about the Great Patriotic War "which he hoped would atone for his former crimes." The episode - indeed the whole trip - made Lessing uncomfortable.

Her account of the trip, with the disagreements and bad temper within the group faithfully recorded, is typical of the frankness with which she writes about her life from 1949, when she arrived in London from Southern Rhodesia with a small child, £150 and the manuscript of *The Grass is Singing*.

Organised in sections, according to where she was living, this second volume of autobiography records her progress from a rented room in Notting Hill to her own house in Camden Town, a journey across London which occupied slightly more than a decade. It is also a chronicle of success; of gradual relief from poverty, of increasing fame, of acceptance in intellectual circles which brought her into contact with everyone from the historian E.P. Thompson to the Canadian novelist Mordecai Richler.

The atmosphere of the time is marvelously evoked, as is a vision of London in which bomb sites were still visible on every corner. "No cafes. No good restaurants. Clothes were still 'austerity' from the war, dismal and ugly. Everyone was indoors by ten, and the streets were empty." Lessing describes long, solitary walks, taken at night, when she roamed the streets without fear of attack, sometimes getting lost and having to ask at a police station for directions, turning down well-meant advice about buses which would take her swiftly home.

In search of what? She does not say but this is above all a restless book, driven by an energy whose source is never quite acknowledged. So many of the things Lessing describes,

pointment in just about equal measure, evinces a sense of order and narrative drive. But this is not true of the later sections, in which the chronological thread gets lost and we are suddenly presented with a series of character sketches - Henry Kissinger, J.P. Donleavy, Kenneth Tynan, John Osborne - and Lessing's thoughts on disparate themes, from Englishmen as lovers to her curious passivity in the hands of doctors.

There is a tone of disillusionment in these later sections, as though the contradictions and paradoxes Lessing lived with in her 30s has been experienced not so much as maturity as loss. Perhaps that is why she felt attracted for a time to Buddhism and Eastern religions, an experience she describes with uncharacteristic embarrassment: "I have not enjoyed being thought so silly-minded." By others or by her older, judgmental self?

Lessing does not say, but this memoir leaves a striking impression of dislocation and disintegration. It also evokes the title of her much later novel, *The Memoirs of a Survivor*, in that the story told here seems to be that of a writer in exile whose need for certainty and structure has gradually been replaced by the paradoxical conviction that neither is to be trusted.

**WALKING IN THE SHADE: VOLUME TWO OF MY AUTOBIOGRAPHY, 1949-1962**  
by Doris Lessing  
HarperCollins £20, 369 pages



## BOOKS



Now you see him: Abel Yenukidze (front, right) photographed with fellow senior members of the Soviet hierarchy in 1934.



Now you don't: In 1935, Yenukidze was sacked and excised from the picture. He was later executed with eight members of his family.

**B**y all accounts, Abel Yenukidze was a relatively inoffensive old Bolshevik, if that is not an oxymoron. He held some pretty important posts in the Stalinist hierarchy in its early years, as head of its administration of the Kremlin and member of the Central Committee of the Communist Party. But he was no killer.

He pops up in the photographs of the day as a silver-haired, jowly individual, a comfortable grandfather, perhaps. There is a wrinkle in his eye, which could be a sign of good humour, or a quizzical suspicion of life in general. In one picture he appears to be staring at his fellow officials with undisguised disdain. In another, he looks decidedly insecure. He is usually at the edge, or towards the back.

He was certainly right to be suspicious. At the 17th Communist Party Congress in January, 1934, he made one of those tedious speeches of adulation, concluding that "Comrade Stalin

## The ruthless art of deception

Quentin Peel describes how history was literally rubbed out under Communist rule

is surrounded by the best people in our party". Within 18 months, he was no longer one of them. He made the mistake of criticising the wave of terror unleashed by Stalin's political police after the assassination of Sergei Kirov in December, 1934. Yenukidze was sacked from the central committee in June, 1935.

After that, he was quite literally rubbed out. His loyal, smiling face was removed from the back row of a photograph of members of the central committee at the 17th party congress. His obsequious presence was erased from behind a formal line-up of party chairman on the central executive committee. And in a glossy publication to commemorate Ten Years of Uzbekistan, he was simply wiped out

from the seats beside Vyacheslav Molotov, requiring some unnamed artist to redesign the suits of the comrades beside and behind him.

David King, former arts editor of the Sunday Times magazine, has assembled an extraordinary collection of visual records of those terrible years, a chronicle of falsification which demonstrates graphically how Stalin and the sycophants and sadists surrounding him sought to rewrite history. The great and small are treated with equal attention: they are excised, blacked-out, scribbled over or air-brushed away, to pretend that they never existed once they were deemed political incorrect.

This is history retold through the denial of history. But it is

**THE COMMISSAR VANISHES: THE FALSIFICATION OF PHOTOGRAPHS AND ART IN STALIN'S RUSSIA**  
by David King  
Canongate Books £25, 192 pages

more than that. This collection demonstrates how the entire borderline between fact and fiction, between truth and lies, became hopelessly blurred through Communist years, until ordinary Soviet citizens were unable to tell the difference, and ceased to believe it mattered. Statistics were used to fulfil a political purpose, not to illuminate the real world. Photographs were for pro-

paganda, not to portray real life. Pravda itself, whose name means "truth", was of course the ultimate denial of truth.

Russian leaders have a long and dishonourable tradition of falsifying the truth, dating back to the celebrated art of Count Potemkin, field marshal and favourite during the rule of Catherine the Great. He gave his name to the practice of creating false villages along the roadside in order to persuade his mistress of the prosperity of her empire as she passed by.

In Moscow today the same incorrigible Potemkin practices can be seen again. Throughout the city, the streets have been repaired and resurfaced to celebrate its 850th anniversary. But the repairs are precisely 50

metres deep. Once you are that far from the main road, the pot holes are back with a vengeance, the buildings grimy and crumbling.

The terrible thing that Stalin did was to take falsification, and turn it into fact. He blotted political opponents out from the propaganda pictures, and then made the fiction reality by murdering them. No wonder it was no longer possible to tell the difference.

In the old Soviet Union, created by those years of Stalinism, words lied, pictures lied, people's daily lives were a lie. "We pretend to work, and the state pretends to pay us," they said. Reality was survival, and survival meant lying.

Mikhail Gorbachev destroyed the myth with *Glasnost* - open-

ness, as it is literally translated. He couldn't do it by creating a new ideology, or a better revolution. The target was always shifting. He could only do it by allowing the endless layers of lying to be exposed, day after day. And once they were exposed, there was no way they could be replaced. That was why Gorbachev could not reform the system, but only destroy it.

The problem for his successors is that the blurring of fact and fiction, as chronicled so chillingly in the pictures collected by David King, has become part of the national psychology. It was clumsy but it was accepted as inevitable, even as justified. Ordinary people carried out the censorship in their own homes - they scribbled out the faces of those condemned to death or exiled. It may take generations to change it.

And then there is the technology. Today we have computers to make the falsification invisible. The next Stalin will find his task much simpler.

## Brilliant stones of desire

Carbon-based rock minerals are much more than just a girl's best friend, writes Douglas Palmer

**T**he perfect non-stick frying pan? It is remarkable what a bit of heat and pressure can do to a smudge of graphite. In both nature and the laboratory the end result is a mineral with very special properties. History has imbued diamond with super-natural powers, and clever marketing has managed to democratise it without diminishing its value, real or symbolic. Unusual amongst naturally occurring rock minerals, it is made of the stuff of life - carbon, and has been used as an aphrodisiac, poison and, according to the 12th century abbot, Hildegard of Bingen, to ward against the devil - but only "if held in the hand whilst making the sign of the cross".

The story of the discovery and exploitation of diamond is an extraordinary one as befits an extraordinary mineral. A new book of essays, *The Nature of Diamonds*, describing this multifaceted history have been collected and edited by George E. Harlow for an exhibition at the American Museum of Natural History in New York, where Harlow is curator of gems and minerals. Sadly, Britain will not get to see the "full monty" of this magnificent exhibition, but anyone in New York between November 1 and April 26, 1998, can, and it certainly looks worth a visit.

The less fortunate can at least admire the pictures and enjoy the essays contrib-

uted by international experts, covering virtually everything you want to know about diamonds, from the history of their discovery to their exploitation in industry, art and fashion.

The history of their exploitation criss-crosses the globe as new diamond sources were discovered. India was the sole source from pre-Roman times until the early-18th century, when first Brazil then South Africa, Zaire and now Australia took over as main producers.

All this early exploitation was from ancient river gravels, and the ultimate geological source of the diamonds was a mystery until the first kimberlite pipes were found. Now, it appears that there are several different geological modes of formation, including meteorite impact. The geographically nearest-known natural source of diamonds to Britain was produced by such an impact. Theoretically there are rocks in Britain which could yield diamonds, but none have been found so far. But with imports of \$2.5bn's worth of diamonds each year, Britain - or at least Hatton Garden - is not short of the stones.

One of the two British contributors to the book, Diana Scarisbrick, shows how the history of the diamond engagement ring evolved from before the 15th century, when tiny natural octahedra were used, through to the modern democratisation of the gem as a bit of glitter for everyone. This transfor-



Marilyn Monroe: one can tell a real diamond from a fake by kissing it

mation resulted from technological developments in stone-cutting and better understanding of the crystal structure.

The most important recent developments in diamond technology are described by the other British contributor, Alan Collins, deputy head of the department of physics at King's College London. He describes how scientists struggled to synthesise diamonds in the laboratory. They have had to replicate the heat (1,400 degrees Celsius) and pressurised conditions under which diamonds are normally formed within the Earth's natural laboratory at depths of 150 kilometres. Not surprisingly the development of the enterprise has been hazardous, but today over 80 per cent of the total world production of around 100 tonnes of diamonds is industrial.

*The Nature of Diamonds* describes the unique combination of properties which have provided its often dangerous allure over the centuries. We all know that diamond is hard, but it is not generally appreciated just how much harder it is than any other naturally occur-

ring substance. The so-called Knoop scale measures hardness with diamond scoring 90, whilst corundum, the next hardest natural mineral and a common abrasive, measures a mere 20, and window glass, six. It is the unique bonding of carbon atoms in a diamond which

**THE NATURE OF DIAMONDS**  
edited by George E. Harlow  
Cambridge University Press £25, 278 pages

produces this hardness. Repack these atoms differently, and the element carbon forms the soft and lubricious graphite.

On a more intimate level, it appears that you can tell a real diamond from a fake by kissing it. Unlike the genuine lover, the coolness of the kiss is diagnostic of the real thing. Diamond is such an excellent conductor of heat that it feels cold to our temperature sensitive lips. And it seems that diamonds, like their owners, benefit from a good soapy bath every now and again. Whilst completely waterproof, diamonds are

highly attracted to oil and grease which diminishes their squeaky-clean brightness.

These physical and chemical properties of diamonds have led to a multitude of uses in industry and a new mode of synthesis by chemical vapourisation to form ultra-thin coatings (only 25 microns or so thick) on a wide range of substrates. Considering diamond's hardness, thermal conductivity, attraction to oil and repulsion of water, I am surprised to find that these new techniques have not led to the development of the ultimate nonstick utensil, scratch-proof and energy efficient: the diamond coated frying pan. I checked out the possibility with Alan Collins, but he explained that "while it was theoretically possible, in practice it would be very difficult to make the diamond surface smooth enough."

Oh well, I will just have to save up for the other ultimate in diamond technology - the pink bakelite bangle with a "bunny's" head covered in pink diamonds. I kid you not, designed by one Daniel Brush. What would Hildegard say?

## Brutalised battle of the sexes

Rhetoric and hyperbole do not help the case of the sisterhood of victims, argues A.C. Grayling

**T**o say that Andrea Dworkin overstates her case is to underestimate the case. She is an hyperbolist at least; she challenges her readers to label her a hysteric. In her world-view, relations between the sexes are a brutal war in which men relentlessly hunt down women to pornography, prostitution, rape, batter and murder them, and in which pornography exists to incite men to more hatred of women. Hers is a Hobbesian view, a savage state of nature in which men - she always uses the unqualified generalisation "men" - are slaving sadistic monsters and women - she always uses the unqualified generalisation "women" - are tethered goats.

As it stands, this is a libel on the majority of both men and women. As a polemic of over-generalisation, it suggests that Andrea Dworkin's sole resource for understanding human relations is the sisterhood of victims, women who have been abused and whose view of men and life is accordingly a traumatised one.

But there are other lives, other experiences, and they are the majority; to most people the victimised perspective is accessible only by report; to some others - some men - the difference is that their experience of victimhood at the hands of women is rarely spoken about - and even then, only to be ridiculed. And in a world where so many experience real war and real poverty, the politics of interpersonal relations is a luxury for relatively few - for those of us who are not walking ten miles a day to fetch water.

Andrea Dworkin is herself a victim. She was a battered wife - the label does nothing to evoke the appalling experience thus denoted, and which she courageously describes. She was also for a time a prostitute. As a student she was arrested for anti-Vietnam war activity; on release she accused the prison staff of molesting her, and mounted a public protest which ended in a Grand Jury exoneration of the

prison. She was sexually abused at the age of nine. Such a background might silence and subjugate its victims permanently, but Andrea Dworkin is tough; it made her a fighter, a propagandist of the sex wars, determined to pour petrol on its flames wherever they burn.

And in the process, predictably, she badly harms her own cause. There is indeed frightful abuse of women in this world, and that is inexcusable because abuse of anyone - woman, child, man - is inexcusable. But Andrea Dworkin speaks as if "woman" and "victim" are synonyms. Her polemic is a tapestry of exaggeration.

**LIFE AND DEATH: UNAPOLOGETIC WRITINGS ON THE CONTINUING WAR AGAINST WOMEN**  
by Andrea Dworkin  
Virago £6.99, 271 pages

contradiction and tendentious argument. Sample exaggerations: western culture is "rape culture", women live under a reign of terror, violence against women is "a mainstream cultural entertainment", American society is "saturated by pornography", the US has "a very major population of men called serial killers". Sample contradiction: prostitutes are victimised into their trade, and prostitution is "gang rape"; yet Andrea Dworkin states that she chose to make her living for several years as a prostitute and "tough girl". Sample tendentiousness: "pornography" is standardly defined as any representation designed to prompt sexual arousal; Dworkin defines it as "the graphic, sexually explicit subordination of women that presents women as dehumanised sexual objects who enjoy being raped and tortured (etc)".

Doubtless Andrea Dworkin would defend herself on the grounds that all is fair in war, and this is war. She is wrong; bad argument and obvious distortion subvert one's case.

What are Andrea Dworkin's positive proposals? She offers rhetoric: "women

must fight back". She squarely indicts men, claiming that sexual violence and woman-hatred are essential to maleness. Some men are sexually violent, yes; but how many in every million? Are women incapable of cruelty and harm? Where are society, religion, economics, mental health, family problems in Andrea Dworkin's analysis? Her outlook is simplistic. She is good at alerting us to the real horrors experienced by women victims - but her contribution stops at the soap-box level. Her two positive suggestions are - I quote - that we must ban pornography, and that women should buy machine-guns.

Behind the polemic something rings hollow. In the closing essay on the Holocaust Memorial in Washington, Andrea Dworkin reveals herself as someone whose sentiments can be very third-hand. She enrols herself as an honorary Holocaust victim by having first learned of it at the "defenceless" age of 10, and by having relatives who suffered in it.

Then she describes her visit, telling us that a camp gate "has Arbeit Macht Frei" inscribed over it, and that this means "Freedom through Labour"; and she walks into a replica of one of the barracks at Auschwitz-Birkenau.

Somewhat, with something as important as the Holocaust, it seems to matter very much that the gate in question is not a camp gate but the gate into Auschwitz; that she quotes an inexact translation of the legend above that gate; and that the barrack she saw is a replica of the wooden structures at Birkenau, some kilometres from Auschwitz where the buildings are of pre-war brick.

In this instance, you see she does not really know what she is talking about; she is getting her data indirectly, by anecdote. Why give such ammunition to critics? In fighting injustice and cruelty in our world, you have to be scrupulous, so that the enemy never has an excuse to ignore you. This kind of slipshod argument will not do.

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ARTS

# The rainbow nation goes global

Nancy Hynes reports on the controversial Johannesburg Biennale, which opens this month

Two years ago, the first Johannesburg Biennale celebrated the new South African "rainbow nation", at peace with itself and re-emerging into the world. The second Biennale, which opens in Johannesburg and Cape Town this month, takes this rainbow into the harsher air of today's transnational art trends. Some argue that the rainbow has vanished in the process, while others see it as a crucial step in South Africa's integration into the global art scene.

The first Biennale was designed to introduce South African artists into the international art world and to put Johannesburg on the global art map. The Biennale's director, while South African Christopher Tili, had begun the project under the apartheid government - a fact that rankled with some South Africans but didn't dim international enthusiasm. Exhibitions were organised around national pavilions which were encouraged to include at least one South African artist.

This year's director, Okwui Enwezor, has taken a different approach. There are no national pavilions, no main exhibition, and no focus on South African artists. Instead there is a single theme, *Trade routes: History and Geography*, developed within six exhibitions using a

wide range of work in many different media by artists from around the world. The ambitious project, spread across two cities and several curators, includes a film festival, numerous public art projects and an educational programme.

Enwezor has rejected a nationalistic or pan-African approach, flying in the face of current debates about identity in South Africa. Local city officials, who are footing a large part of the bill, are eager to represent the Biennale as a chance to reconnect with Africa. "For so long we were considered the stepchild of Europe", explains Victor Modise, executive officer of arts and culture for the Greater Johannesburg Metropolitan City Council (GJMC). "It's very important that we reconnect with our African roots." As a Nigerian curator and critic based in NYC, Enwezor has consistently been portrayed as an "outsider" - at best an aggressive New Yorker and at worst an ambitious Nigerian who is somehow hijacking South Africa's re-entry into the world.

This combination of a desire to identify with the African continent and a fear of being swallowed up by it, reflects concerns about South Africa's ability to compete in the developed world without some sort of special identity. "If we aren't African", commented one artist and academic,

"then we're just like everyone else." Issues of race add further tension. Under apartheid, white artists received training, funding and opportunities that were denied to black artists. This has led to ongoing problems as those well placed to take advantage of South African art's new international profile are often white.

There are regular cries for bits of the Biennale to take place in the Black townships, although practical problems abound. Bongzi Dhlomo-Mantloa, director of the African Institute for Contemporary Art (AICA), explains that initially "it was very clear that because of the history of the country a lot of black people - not just artists, but people - were not part of the Biennale debate." She maintains that in 1997 the level of black participation, other than as artists or administrators, is still low. In this charged atmosphere, Enwezor's position as a black "outsider" curator provides both a point of criticism and a source of strength.

Enwezor is unapologetic: "Art is not about resolving issues or making the world a better place. It's about a new way of looking at the world." The new way of seeing on display at the Biennale consists of an emphasis on conceptual art, new technologies (including numerous video, CD-Rom and internet art pieces), and diasporic discourse. If the

Biennale itself is considered as a site for trade in objects and ideas, then the commodities being traded are opportunities for a new generation of constantly migrating curators and artists. The curators may live in Johannesburg, New York or Paris, but their addresses do not reflect their origins in Asia, Africa, Europe and the Caribbean. The art they show is primarily conceptual, with a diasporic twist.

Of the 156 artists involved, about a third are African, including 32 South Africans. One exhibition in Cape Town, *Graft*, is devoted to the work of South African artists, many using local materials and/or themes to create powerful pieces from such ordinary materials as wire, yams or bottles. In "Abduction", Sandile Zulu fills a migrant labourer's trunk with bundles of carefully wrapped barbed wire - precious memories bound with pain. Several of the installation pieces have a strong narrative bent. "Shebeen", by Kay Hassan, recreates a drinking/social club in a black South African township. In a tin shack, complete with stacked bottles, two projectors show colour slides of shebeen clients talking, dancing, listening. "Now that is the real South Africa", one visitor said approvingly as he stepped inside.

The exhibition *Alternating Currents*, co-curated by Okwui Enwezor and his long-time collaborator, Octavio Zaya, explicitly develops the theme of "Trade Routes". This sprawling exhibition is housed in an old electrical substation recently remodelled as an art space. It traces trade routes from the mapping of the physical world to the colonial mapping of natives' bodies, from 19th-century trade goods to the domestic interiors this trade produced. The works range from the fragile and ephemeral to the sharply brutal.

Sometimes the thematic links are clear and sometimes they are stretched - wooden boxes filled with corn, oil and beans directly reflect third world exports, but what about the slab of pink jelly? Many references are painfully direct, as in Carrie Mae Weems's photographs of slave forts in West Africa, and Teres Serrano's hauntingly beautiful video which alternates images of the monarch butterfly migration from North to South America with the human migration along the same route.

The exhibitions are accompanied by anarchic billboard projects, including Nigerian artist Ike Ude's racially and sexually ambiguous "Man of the Year" photomontage, showing Ude in make-up and a blond wig on a spoof cover of Time magazine.



Ambiguous: Ike Ude's spoof poster

These images appeared on posters throughout Johannesburg as the Biennale opened, providing some competition to Michael Jackson's pre-concert publicity. Even if the Johannesburg Biennale doesn't attract the high attendance of some of the more established Biennales in Venice

or Sao Paulo, it succeeds as a presentation of high calibre international contemporary art. Whether this is what South Africa's artistic community really wants is another question. The Johannesburg Biennale runs until January 18, 1998.

## Swedish style with substance

In the work of Carl and Karin Larsson, William Packer finds far more than fabrics and furniture

The principal gloss the Victoria & Albert Museum puts on its delightful new exhibition on the work of the Swedish artists, Carl Larsson and Karin, his wife, is as the latest in its series on great designers.

This is fair enough, as the Larssons' influence upon design was not real and lasting indeed, we live with it still, fed into our popular visual culture through such active agencies as Habitat, H&M and IKEA.

But although Karin was indeed a designer, of comfortable clothes and furniture and with a particular gift for weaving and for textiles in general, her activity, so radical in its experiment and adventure, was essentially private and domestic. Although with Karin he was constantly adapting, extending and furnishing "Lilla Hyttnäs", the house at Sundborn that Karin's father had given them in 1888, Carl remained first and last a painter and illustrator.

It was just that the life they made in that house together with their young family supplied a subject for which, perhaps, he had been searching sub-consciously ever since his student days in Stockholm and Paris, which had been fraught with the usual youthful cocktail of insecurity, rejection and frustrated ambition.

He was always psychologically less than robust, and given throughout his life to bouts of serious, at times suicidal, depression. He felt his meeting Karin, whom he married in 1883 at the age of 30, had been predestined, and that it saved his life.

And by means of the countless drawings and paintings he made of Karin and the children, following the seasons and the festivals of the year, and the intimate round of family life, he made that life known to the world at large. Through the books he illustrated and published, he, Karin and the

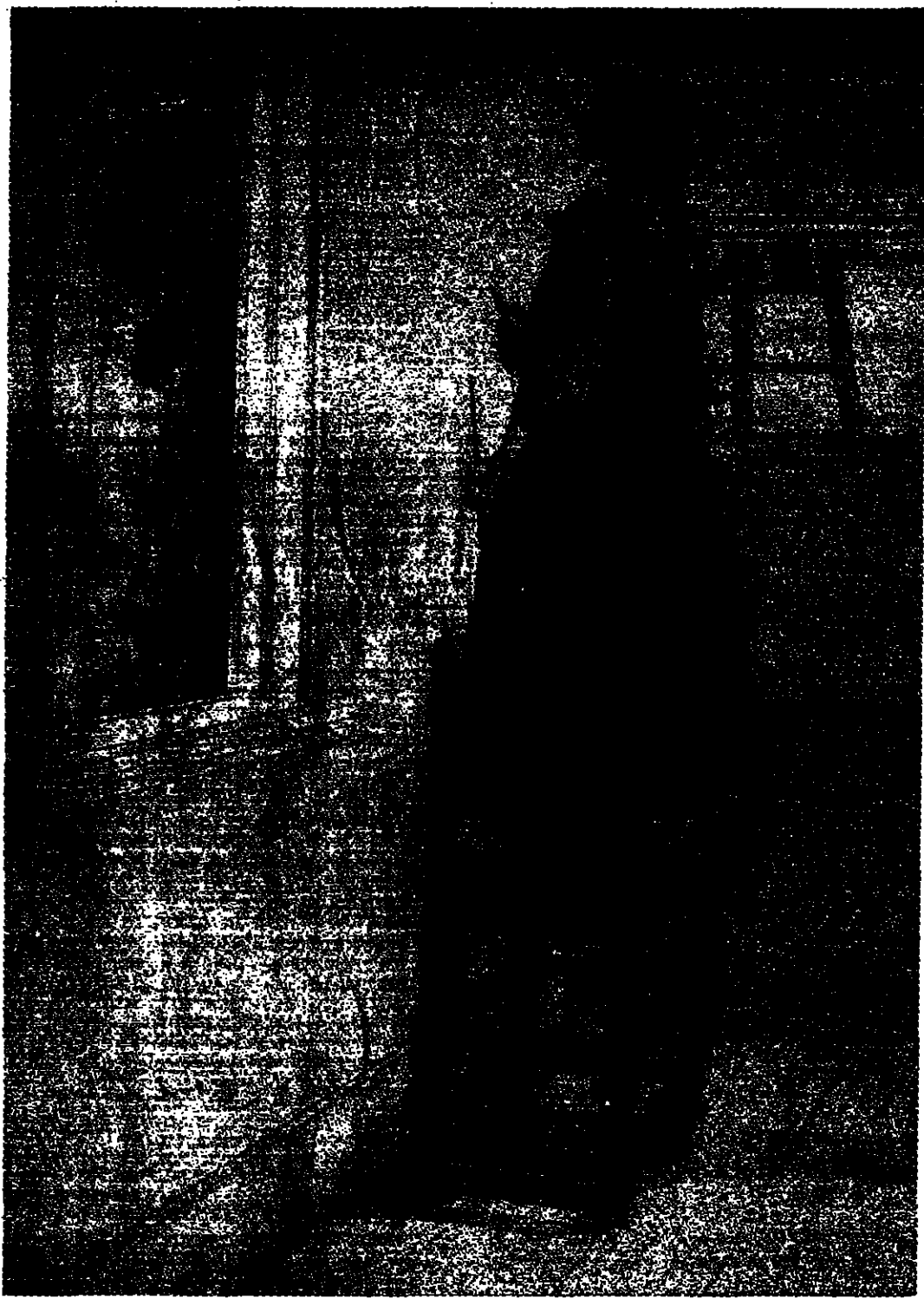
children became real celebrities, members of the best-known family not just of Sweden but over much of Europe. For many of my generation, that house and the people in it were part of the visual fabric of childhood.

For here was being lived the dream, dear to the heart of every Swede especially, and many besides, of the rural idyll. Add in every room we see just how he and Karin caught the mood of the times, responding to the Aesthetes, the English Arts & Crafts Movement, and the shades of Biedermeier, to Japanese art, medieval furniture and what was coming out of Glasgow and Vienna.

Yet all was turned to their own ends, with a fresh, quirky, infallible touch - thick paint on old cupboards; green or terracotta tongue-and-groove; high shelves loaded with pots; long loose dresses; frills and ribbons; bright prints and stripes; Viking finials. And thus it was that the influence of Carl and Karin was passed on in turn, simply by what was to be seen in the books, the prints and the paintings.

As an illustrator Carl was clearly close to such well-known near-contemporaries as Crane, Caldecott and Kate Greenaway, but what he was offering in fact was something rather different, less romantic, quite distinct. For affectionate and accessible as his work was and is, funny and touching by turns, it is saved from any narrative sentimentality by its strong and natural underlying realism.

For all his occasional excursions into romantic or symbolist nostalgia, he was an artist, always at heart a realist. His work of the 1890s, pre-Lilla Hyttnäs days, had been close in spirit to the rural and social realism of such painters as Bastien-Lepage, Guthrie or Clausen, and the further his work was removed from the immediate



'Suzanne and Another', 1901, by Carl Larsson: his house and family became part of the visual fabric of childhood

requirements of illustration, with its linked-in contours and crisp detail, the more at ease, direct and natural it was.

He is a wonderful draughtsman, sure and economical even when apparently engrossed in the minutest detail. Hilda, an English cousin from Wimbledon, sits pensively drawing at the kitchen table. Suzanne, the eldest daughter and alone privileged with a room of her own, stands on a chair to paint her

frieze while workmen balance on ladders outside the window. Karin, deep in her book, rests her head on her hand, her elbow on the table. And it is all done with the lightest touch, and a sense of design as sure and bold as in any Japanese print, decorative yet descriptive, just so much as necessary, and no more.

Only when he comes to his depiction of himself does ever an element of gentle self-mockery creep in, and with it something of insecurity and self-doubt: a sad diffidence perhaps, but yet the mark of a real artist.

Carl and Karin Larsson - creators of the Swedish Style: Victoria & Albert Museum, London SW7, until January 18; sponsored by IKEA, supported by Ericsson, Skandinaviska Enskilda Banken, Skanska AB and SAS, Scandinavian Airlines.

### Musical/David Benedict

## 'Steaming' with clothes on

bicker about the men in their lives. It is *Steaming* with clothes on. Like its predecessor, they turn from self-absorption to collective activity, in this instance by rehearsing a number for a charity function which becomes the evening's finale.

Quite why Richard Harris has turned his harmlessly enjoyable hit into a musical is a mystery. The inserted songs do nothing that dialogue wouldn't do better, particularly when the lyrics are so generalised - "loneliness is a terrible plight" - that any underlying emotions become banal. Take chirpy Marina (Barbara Young) pointing out the similar yet different lack of self-confidence between herself and Felicity Godson's aloof Andy: "You're very quiet, I'm very loud/I'm like a riot, you're like a cloud."

Denis King's music is perfectly pleasant, but everything sounds like an accompaniment rather than a leading idea. Even the cues are often little better than the equivalent of "leave me alone for a moment, I need a quick

lie at the top. The show hasn't been directed, someone has merely underlined the script and, in the case of chumpily repeated character gags, sometimes twice. For the first five minutes the balance is so one-dimensional that all the sound seems to be coming from the same place, so one's eye wanders around the stage trying to work out who's speaking.

The big scene where individual tensions erupt (never to resolve) is a mess, with the actors facing front to deliver a speech, turning away and then being left marooned while someone else pours out their heart. Twice during the evening, Mavis (Liz Robertson) sings the song "Too Much". Actually, *Steaming* offers far too little.

At the Albany Theatre, London WC2.

### Television/Antony Thornecroft

## Camera, lights, restoration!

I'm not happy with the nose bone in that skull". "Yes, and I think we're missing the codpiece, too". A worried glance separates the two observers, and, as one, they hiss: "This looks like a case for the picture restorer".

And why not. We have had successful television series built around the crises in the lives of customs officials and driving instructors, to say nothing of pathologists and criminal psychiatrists. Why should not the men and women who save the nation's pictures, nursing them back to health and beauty, get their regular half hour of glory?

We already have a potential star in Martin Wyld, a restorer at the National Gallery who was seen putting Holbein's most famous surviving painting, "The Ambassadors", back together again late on Wednesday night on BBC2.

He was battling not only against 450 years of wear and tear but also covering up the botched varnishings and over-enthusiastic repaintings of the predecessors in his craft. The skull, the *momenti mori* that Holbein puts at a jaunty angle at the feet of the ambassadors, desperately needed a nose job, but it was encouraging to discover that, despite rumours that most Old Masters consist of mainly 19th-century over-painting, Holbein's monumental work is still 90 per cent his own.

But what of the cod-piece? A costume expert insisted that the French ambassador had been de-sexed, his clothed member removed in a more puritanical age. The issue was left in limbo - a pity, since this was a timely repeat, aired a week in advance of the return of the painting to public show. But the three years the cameras spent tracking the progress of the restoration was almost as worthwhile as the 1500 hours that Martin Wyld spent touching it up.

If Wyld is to get the messy cases in *Picture Restorer*, there is no doubt who will be cast as his boss, the firm but fair head of operations: Neil MacGregor, director of the National Gallery, became an instant TV personality in his first series, when he just stood in front of paintings in the collection and talked about them with informed passion. Now he is attempting a more challenging task; explaining how the pictures came to be painted, and how artists' materials have developed over the years.

Being a Florentine artist at the end of the 14th century was the nearest thing to being an alchemist imaginable, as rare and fiendishly expensive materials arrived at the workshop from contemporary gold coins, to be beaten out into gold leaf; to lapis lazuli from Afghanistan, to make the costly deep blue pigment; to thousands of eggs, differentiated between town and country hens, to bind the paint.

On Monday, in *Making Masterpieces* on BBC2, a pre-Renaissance altar-piece was put together before our eyes, while the Wilton Diptych was shown as it was intended, in the flickering light of candles in the place of worship of its private owner, that most self-regarding of kings, Richard II. It is odd that paintings that cost so much to create, a reflection of the piety, and the fear, of the donors to the churches where they would hang, are now relatively inexpensive while a work by Picasso, which cost him perhaps £20 in materials, can sell for £20m.

Some of the toughest cases facing *Picture Restorer* will revolve around fakes. Just what can be at stake was revealed in *Art House: The Fake Van Gogh* on Channel 4 on Sunday, in which Geradine Norman must have ruined the lives of the Japanese who paid over £24m for one version of Van Gogh's *Sunflowers*. She argued, with some conviction, that it was a fake. The evidence was not quite conclusive - as always in these cases, the main "experts" for the prosecution seemed to be wide-eyed amateurs, and it was never made clear just how many versions of the painting Van Gogh produced but enough doubts were raised to reassure those who think that art is a minefield as soon as it gets into the grip of the money men.

It was a relief to get immersed in the gentlemanly world of boot and punch, throttle and bite, known as rugby. Why any institution lets a fly-on-the-wall camera into their inner sanctums will remain a complete mystery. Currently Bath Rugby has followed the way of Covent Garden opera and bared its soiled soul to the gaping BBC2 viewer on Wednesday nights. There could be no greater proof that professionalism has, within months, destroyed the ethos of the game, as old loyalties and team spirit were trampled on by the accountants. And yet, as the competing players of Bath and Sale shook hands minutes after trying to tear each other apart, there may still be enough tradition left to save rugby from itself.

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## ARTS

# Exquisite minimalism

Alastair Macaulay on the new RSC production of six short Beckett plays

**D**rama has gone no further than the plays of Samuel Beckett; and the later plays, the further, in these short plays, where nothing — on the face of it — seems to occur, utterance, and tension, and abstruse psychology, and wit, and consciousness of mortality have all been boiled down together to sheerest essence. They richly repay repeated experience in the theatre.

Beckett *Shorts* is the director Katie Mitchell's new Royal Shakespeare Company anthology of six of these plays, each of the six is delivered with such revealing intelligence and fine feeling and theatrical accomplishment that any lover of Beckett's work will be amply rewarded. And yet that is not how you feel as you leave the theatre.

The programme is foolishly over-extended to well over three hours, foolishly presented in the framework of a Robert Wilson-style performance-art happening, and sadly lacking in the most life-enhancing aspect of Beckett's genius: humour. (What would Wilde or Coward not have done to have penned lines like "It was not enough to drag her into the world, now she must play the piano"? But no-one save Beckett could have dreamed up the unspeakable wit of "that's what hell will be like, small chat to the babbling of Lethe about the good old days when we wished we were dead".)

Katie Mitchell has been responsible for some of the finest work in the British theatre I have seen this decade. Without having one commercial West End production to her credit, she has risen during the 1990s to the front rank of British theatre directors. Her stagings have impressive integrity. Acting, design, music, lighting, all work in perfect ensemble, and create a clear style — here, as in her other stagings.

But too much of her work is too damned exquisite. In *Beckett Shorts*, we might be in a museum or a church. Much piety; no applause. Please stand for two of the plays, and feel free to come and go during the last (by that point,

nobody has the energy). Paul Constantine's extraordinary lighting is simply too precious; and the actors' brilliantly complex understanding of the plays shows too much artistry, too little ambiguity. In performing these masterpieces of modernism, interpretation gets in the way of essence.

There is also a certain nonsense in presenting this programme under the aegis of the current French Theatre Season. Yes, Beckett wrote most of his plays originally in French and yes, his own translations are brilliant (because of what they add, especially in terms of — hello, Katie Mitchell — humour). So why choose six of the plays he wrote originally in English?

**M**itchell and her actors have so honed every nuance that numerous new meanings pour forth from each play. In *Footfalls*, I have never been so aware of the play's suppressed melodrama and of the mother-daughter symbiosis as in the performance here by Juliet Stevenson (as the restlessly pacing May) and Debra Gillett (the unseen maternal voice; Gillett's staccato delivery seems to arise out of her daughter's footfalls, and Stevenson, in the third of the play's three episodes, seems to incorporate her mother).

In *Not I*, where only Stevenson's mouth is seen, babbling its stream of fragments onto the air between it and a ten-foot shadowy listener, you are again newly aware of a dimension of unspeakable Gothic horror, and also of the parishioner-priest analysis and analyst hysteria of the confessional.

Between these two is *Rockaby*, where Gillett, sometimes talking, often listening to her own taped voice, rocks in her rocking-chair to an almost ceaseless pulse, rocks while thinking and talking, rocks until — finally, the relief — life, and rocking, cease. These three plays are presented as a trilogy, "Out of the Dark", and numerous meanings ricochet between them.

The other three, presented as



Restless pacing: Juliet Stevenson in 'Footfalls'

"Over the Years", take us yet further into Beckett's reduction of drama to its minimal ingredients. In *A Piece of Monologue*, you see only Nigel Cooke, standing still, and speaking beside a lamp; in *That Time*, you see only his almost immobile face while his voice, coming at you taped from different points in the room, speaks; in

*Embers* (a play for radio), you simply listen to him and Gillett.

Mitchell is demonstrating Beckett's path toward ever greater economy. With each play, we feel also his deepening skill in laying bare the voice in our heads. Each is a spoken mosaic of fragments of existential questioning, of parent-child disturbance, of psychological irrita-

tion and of denial, of wry resignation. I wish I had seen the programme on two successive days; and yet I wish I could see it again.

At The Other Place, Stratford-upon-Avon. Then touring in November and December to Munich, Belfast, Barcelona, Prague, and Budapest.

Theatre/Ian Shuttleworth

## Tragedy at its best

**T**he premiere of David Leveaux's production of Sophocles' *Electra* last month in Chichester was greeted with gasps of critical praise to which, on its London opening, there is little to add.

Much has been made in reviews of the revelation of Zoe Wamaker in the title role; she was, it was said, a more naturally comic actress finding immense tragic depth. In fact, Wamaker has never been limited to comedy; she simply looks as if she ought to have been, with that lively, puckish face. On *Electra*'s first appearance here, that face is hidden behind a plain mask, and even when the mask is removed, a sensation of nothingness persists.

*Electra* demonstrates her grief for her father Agamemnon, her rage at his murderers, her mother Clytemnestra and her lover Aegisthus, and her implacable desire for vengeance, stymied because of her sex... but these are all somehow anti-feelings. Wamaker conveys the sense of having been eaten hollow by the cancer of these emotions, that their fire is the only thing which keeps her moving. She conveys a shocking, draining sense of having once been human, but scarcely being so any longer, as that face furrows almost uncomprehendingly in attitudes which should by rights be entirely alien to it.

When Andrew Howard's Orestes (in a distinctly superb performance) reveals himself to her, *Electra* must reacquaint herself with forgotten sensations, which she does almost grotesquely: the "barren spinster" embraces Orestes as brother, saviour and even lover, and rolls on the ground as Clytemnestra is murdered offstage, in a frenzy of exultation,

grief... a desperation to feel something, to the extent of almost sharing in her despised mother's sufferings.

Leveaux's programme: notes play the Sarajevo card unnecessarily; Johan Engels' design suggests European urban dereliction, and the three-woman chorus (two of whom remain mute) are dressed in vaguely mistletoe-black, but nothing is gained by thinking "Bosnia", nor anything lost by declining to do so. The same notes, though, speak of Sophocles' use of "authentic silence" which possesses "a moral force"; Leveaux and his cast achieve this state brilliantly — a silence not of emptiness but of compelling interrogation.

In this project the director is aided by Frank McGuinness's powerfully astringent translation, from which any suggestion of conscious poetry has been assiduously leached.

Rudolph Walker is not so much a servant to Orestes as a sergeant major, keeping the young man in line and marshalling him towards the execution of his revenge. Marjorie Yates' Clytemnestra is unrepentant of the murder of her husband, but far from untouched thereby.

But the nucleus of all is Wamaker's *Electra*: this ragged, shambling yet indomitable woman who seems to have renounced all feelings save those which nourish her. This *Electra* is situated right at the potent heart of Greek tragedy, that of immediately identifiable humanity stricken in the face of fundamentally incommensurable forces. It is a towering performance.

Donmar Warehouse, London WC2, until December 5 (0171 389 1732).

Radio/Martin Hoyle

## A fantasy not so implausible

**C**elebrations for the BBC's three-quarters of a century crowd in, dutiful rather than sparkling. An exception was *The Death of Radio*, a futuristic vision of our own dear corporation in 2072 which scored some palpable comic hits. Here was Radio 4 crying "We're dumbing up" and glottal-stopping through such slogans as "Ce! a lile! Listen to Radio 4!"

The announcer Peter Donaldson recalled his own death "some 50 years ago", explaining that this was a computer-generated replica (cries of "not groovy, no way!" and "sounds like my dad!" came from "ordinary members of a focus group" of the sort so beloved of little Mr Birt). A brief recent history of the medium reported the assassination of Bill Gates in 2041: he had bought the BBC and transformed it into BBC — Bill's BBC — also acquiring newspapers and publishing (noting far-fetched theories). His funeral in Seattle Cathedral was not notably religious:

we don't need God, ran popular sentiment, we have machines who know more about us than we do.

**M**eanwhile broadcasters had been cloned (the Gambacini voice sounded like a snuff on speed). You could select your own team for *Question Time* and ask them your own questions. The subservient *Stepford Wives* was banned by the Artificial People's Trade Union. Would there ever be a time when real people returned to the air?

In fact the programme used actual people, whether through a scissors and paste process or getting them to play along I am unsure. The

FT's own Christopher Dunkley opined that people *blat* what they disliked and had to have something to complain about. A David Sullivan, "Duke of Theydon Bois", sounding remarkably like the David Sullivan whose sex-business proclivities had led him to the ownership of the inimitable *Sport*, explained his own broadcasting charter, "Educate, entertain, inform, porn". He had the rights to the shipping forecast, delivered with much heaving, panting and writhing to the strains of "Sailing By" ("east by north-west... steady...").

For all its fantasy, *The Death of Radio* touched the odd nerve, both in broadcasting and regarding human beings. There seemed some-

thing horribly plausible in Radio Narcissus ("beautiful — because you are!") in a world where individuals are already encased in solipsistic worlds and forgetting the basic social skills of relating to their species. If you don't believe me just take a walk through London.

Frank Gillard's BBC was unwontedly serious for Radio 2, whose arty slots tend to be turgidly dull or generate the middle-of-the-road appeal of a squashed hedgehog. At 88 Gillard sounded 30 years younger as he rattled through his career, a schoolmaster presiding into the wartime BBC after the corporation had sacked staff in the belief that broadcasting would be unimportant in the forthcoming conflict. Starting as a war correspondent, he launched the Natural History unit at Bristol, sold the *Children's Hour*, and the idea of local radio, inspired Radio 1.

Personally, I deplore much of what he has done, but I realise some of it (not all) was necessary. Local radio has progressed since I interviewed a nerdy troller in the new Radio Bristol years ago and asked for an example of the minority interests he claimed the station would cater to. Gay rights? The homeless? The arts? After some effortful thought he came up with pigeon fancying. I found it easy to live without Radio Bristol.

What frightened me about the Gillard story was the manner of its telling: as unwaveringly self-righteous as the least likeable Calvinist pre-ordained for salvation, he recounted one triumph after another over doubting or short-sighted authority in a way that curiously resembled his friend, Field-Marshal Montgomery. "My idea — but they leapt on it... It was quite clear the board was wrong... In the end they stood down..." There was a total absence of doubt in every course he took.

Perhaps he has always been a schoolmaster at heart; and perhaps single-mindedness is what institutions like the BBC once needed. Whether they still do is a question being worked out, not without dust and heat, at this moment. Ironically, if Gillard stands for all that is best in public service broadcasting, his personal self-assurance sums up all that is most authoritarian in the BBC, from Reith to Birt.

Saleroom/Susan Moore

## Designs on New York

**I**t seems almost inconceivable now that nine years ago New York did not host an international art and antiques fair. What was once a powerful but limited art market is now burgeoning in every direction. There are increasingly few areas of the global art market in which the city's auction houses and galleries do not dominate or on which they do not have designs, and increasing numbers of leading foreign dealers who have designs on New York.

The last few weeks, for instance, have seen the second Tribal Art Show at the Armory on Gramercy Park, whose success may well secure the shift of that particular art market from Santa Fe to Manhattan. There has also been an elegantly clad crowd passing through the massive portals of the Park Avenue Armory for the ninth International Fine Art & Antique Dealers Show, a show that has established itself as the leading event in the New York fair calendar. Here the European dealers are out in force and outnumber their American rivals.

The reason is simple enough — the Upper East Side is home, for at least part of the year, to a significant proportion of the world's art buyers. Over the years, the leading London and Parisian dealers have watched more and more of their stock cross the Atlantic. When French dealer Ariane Dandolis began exhibiting at the fair eight years ago, some 60 per cent of her clients were American. Today the figure has risen to 80 per cent. Oceanic art dealer Anthony Meyer presented his statistics the other way round. "Ten years ago," he said, "50 per cent of my business was in France. Now it is 1-2 per cent. The French market has never recovered from Black Monday."

No serious dealers today can afford to ignore the American market. As one English dealer put it: "You just can't expect collectors to walk through your doors anymore. These people are inundated with saleroom catalogues. Being here is an advertisement, and the only way to find new clients."

Certainly, there could be few dealers who would not want to show at a fair where 19th century French picture dealers Galerie Hopkins-Thomson can sell 20 well-judged paintings and pastels in five days. Neither would they want to miss a fair associated with the premier New York medical charity, whose supporters can afford

**'Being here is the only way to find new clients'**

to pay \$1,000 a ticket for the gala evening — and do so in such numbers to raise around \$1m for their cause. Unsurprisingly, the International British fair organisers, Brian and Anna Haughton, claim waiting lists a mile long. When gaps do appear, they fill them with exhibitors who will add to the breadth and diversity of the fair. Newcomers this year included Philippe Denys of Brussels who

brought Art Nouveau and Art Deco, tapestry and textile dealers Mayrucas of London and Segoura of Paris, renowned for grand 18th-century French furniture, a taste that is again finding favour in New York with buyers such as Henry Kravis.

Like all the best fairs, the International aims to be all things to all men — the well-to-do ones, anyway. There was ornate aplenty, solid brown English furniture and most things between, plus the prerequisite Renoirs and Old Masters, silver and jewellery.

But the most impressive works of art are not always the most obvious — witness the arms and armour at Peter Finer, for instance, and Sam Fogg's outstanding manuscripts.

Fogg believes he is the first dealer to exhibit manuscripts in New York for a generation, and sees his market slowly moving away from France, Switzerland and Germany and back to the Anglo-Saxon world. "It is an area in which you can still buy the best," he enthuses. "What you find now is as good as the material around 50 years ago. People seem to be interested in the medieval world again."

Why they should also admire the ancient and what used to be called the "primitive" was evident enough at the stands of the antiquities and tribal art dealers, whose displays stole the show. Impressive groups have been put together by Robert Haber & Associates, Alain de Monbrison and Lin & Emil Deletaille, the latter's display dominated by powerful Nok terracottas and an imposing Owu royal jewel carved out of a massive hunk of ivory.

"We want to place our objects outside the ethnographic market," says Lin Deletaille, explaining why they were not exhibiting down the road at the other Armory. "We believe that they are enhanced by a fine art setting and an environment that makes it possible to appreciate the form, beauty and texture of a piece and to be touched by it."

It is a measure of the overall quality of this fair that the ostentations can work so well with the understated, the small-scale and the spiritual.

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## COLLECTING

# Under the hammer in New York

The Ganz and Keir collections will find different sorts of buyers this month. Susan Moore reports

Two exceptional but very different properties come under the hammer in New York this month. Both sales highlight New York's emerging position as the world's clearing house of important works of art.

Top billing of the season goes to the Victor and Sally Ganz Collection, hailed with good reason as "the most important private collection of 20th century works of art ever offered at auction". At Christie's on November 10, its 115 paintings, drawings, sculptures and prints are expected to realise over \$125m and set an auction record for a single-owner, single-session sale.

The collection - though that is a term the late Victor and Sally Ganz avoided using - is remarkable. For 30 years, the Ganzes bought only Picassos. Their first purchase, in 1941, the ecstatically sensual "The Dream", a portrait of the artist's 22-year-old mistress, Marie-Thérèse Walter, asleep in an armchair. Painted in 1933, it is widely celebrated as one of Picasso's greatest portraits. (Acquired for \$7,000, it is expected to fetch around \$30m.)

At one time, this was the largest private holding of Picasso in the US, and included the entire, late "Women of Algiers" series, all 15 canvases. Picasso's dealer, Daniel-Henry Kahnweiler, had told them it was the artist's wish that the group should not be broken up (Picasso later denied this and 11 were subsequently sold). Then, one evening in the early 1950s, Victor Ganz realised that while he did not like his Picassos any

less, the love affair was over. He and Sally turned their attention to contemporary American art.

Unlike the handful or two of other people buying contemporary art in the 1960s, they decided to focus on a small number of painters and represent them in depth. They chose, principally, the young Jasper Johns, Robert Rauschenberg, Frank Stella and, later, Eve Hesse, the sole artist they could claim to have "discovered".

That is what gives the Ganz provenance its unparalleled lustre now, from

**They will be put in the hands of smart decorators and hung as trophies of wealth**

today's perspective, they chose the winners. In over 50 years of collecting, they hardly put a foot wrong.

The collection boasts the likes of Johns' "White Numbers" of 1959 (estimate \$5m-\$6m), Rauschenberg's mixed media painting "Red Interior" of 1954-55 (\$3m-\$4m), Stella's "Turkish Mambo" of 1959-60 (\$4m-\$6m) and the cream of Hesse's strangely beautiful sculptures. These are difficult and demanding works - like the majority of their Picassos, from the early Cubist "Woman sitting in an armchair" (\$15m-\$20m) and the brutal wartime "Cat devouring a Bird" to the

"Women of Algiers (Version O)" of 1955 (\$10m-\$15m).

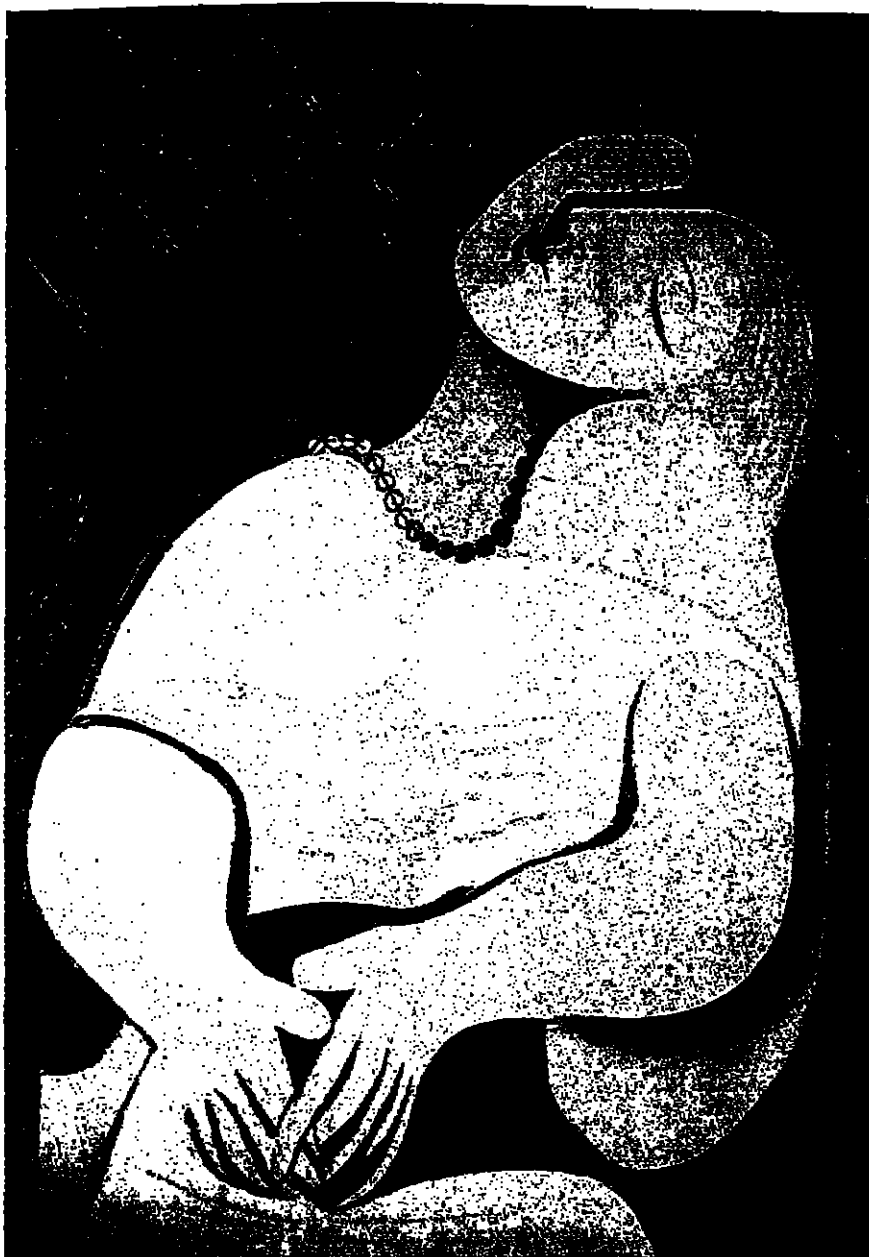
These works were purchased out of passion and with a discernment that was honed by dint of hard study. The Ganz family business was costume jewellery, but they were far less wealthy than most of their contemporary collectors.

The people who will buy these works on November 10 - and it is hard to believe any will be left unsold - are far less likely to make time on Saturdays to do the rounds of the downtown galleries as the Ganzes and others did 30 or more years ago, than to instruct agents to send them transparencies.

Instead of taking their place in a family home, hung behind table lamps and stacks of photographs, they will be put in the hands of smart decorators and hung as the trophies of wealth that they have become. And Christie's knows it.

Christie's recently opened an annexe on East 59th Street - primarily intended for the display of works of art offered by private treaty - has been the showcase for highlights of the Ganz Collection since August. "We expected a global demand from our clients to see the collection," explains senior specialist Michael Findlay, who had just returned from lecturing on the collection across south east Asia.

"There have been appointments every half hour here and many different departments have organised small drinks parties and breakfast meetings. We realised that the marketing for this collection had to be done one to one," Findlay added. "We are in the retail business now."



Picasso's 'ecstatically sensual' 'The Dream', estimate \$30m

There was no question that the Ganz Collection would not be sold in New York - the Ganzes were New Yorkers and the city has long been the centre of the modern and contemporary art markets. It is more interesting to see Sotheby's choose to sell a European collection of very old European art not in London but in New York.

The Keir Collection of Medieval Works of Art, on offer in another evening sale on November 20 and similarly beautifully gift-wrapped in a glossy, hand-backed catalogue, is without doubt the largest and most

important holding of its type in private hands.

This 118-lot auction contains some of the most magnificent surviving examples of medieval enamels made in the workshops of Limoges in the 12th to 14th centuries, plus distinguished examples from Germany and the Meuse Valley, known as "Mosan" enamels. It is a real Last Chance Salon sale and as such the stakes are high - for rarity, in market terms, is a mixed blessing.

Rarity can prompt passionate collectors and wealthy museums to compete to stratospheric levels; the knowledge that there are

only a few pieces that can ever come on to the market dampens enthusiasm for others. At present, there are perhaps a handful of collectors worldwide active in this field.

That, I suspect, is the principal reason for taking the collection to New York - what better place is there to attract new buyers? And the tangible spirituality and brilliant colouring of these pieces makes them easy to admire. The sale also comes in the wake of big shows of medieval enamels at the Met, and hot on the heels of its widely publicised sale of the Saint Thomas à Becket

reliquary casket in London for a record \$4m.

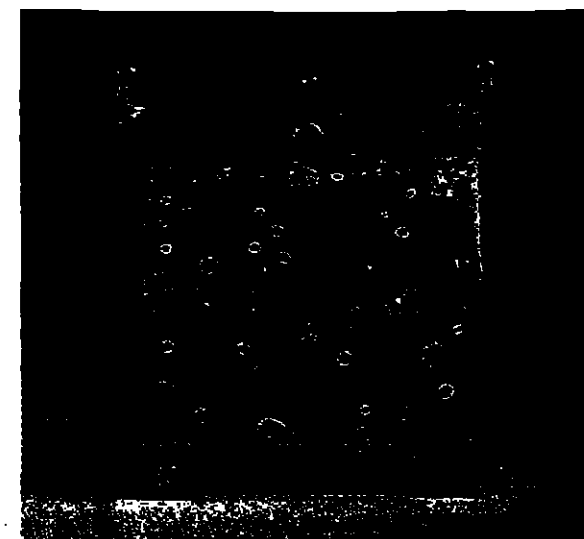
The collection itself is also known in the US, having been on loan to the Nelson-Atkins Museum in Kansas City from 1982 to 1996. Its core was amassed after the second world war by Swiss collectors, Ernst and Martha Koller-Trumiger (who also owned the Becket casket) and it boasts a wide range of undisputed masterpieces. Included are the early 13th century Limoges gilt-bronze group of the "Virgin de las Batallas", said to have been taken into battle strapped to the saddle of a knight (estimate \$3.5m-\$4.5m) and the

gable-shaped plaque of 1200-1210 representing two of the Four Crowned Martyrs, stonemasons from Dalmatia who were martyred under Diocletian. Its pair is in the Fitzwilliam Museum in Cambridge (\$3m-\$4m).

It is hard to imagine that these and other star lots will not be fought over by collectors and museums, and that the likes of the tiny Rhineland and Mosan decorative plaques with estimates from \$1,500 upwards will find enchanted new buyers. Finding homes for all that remains in the middle may prove more of a challenge.



Virgin and child enthroned, Limoges, circa 1225-1235



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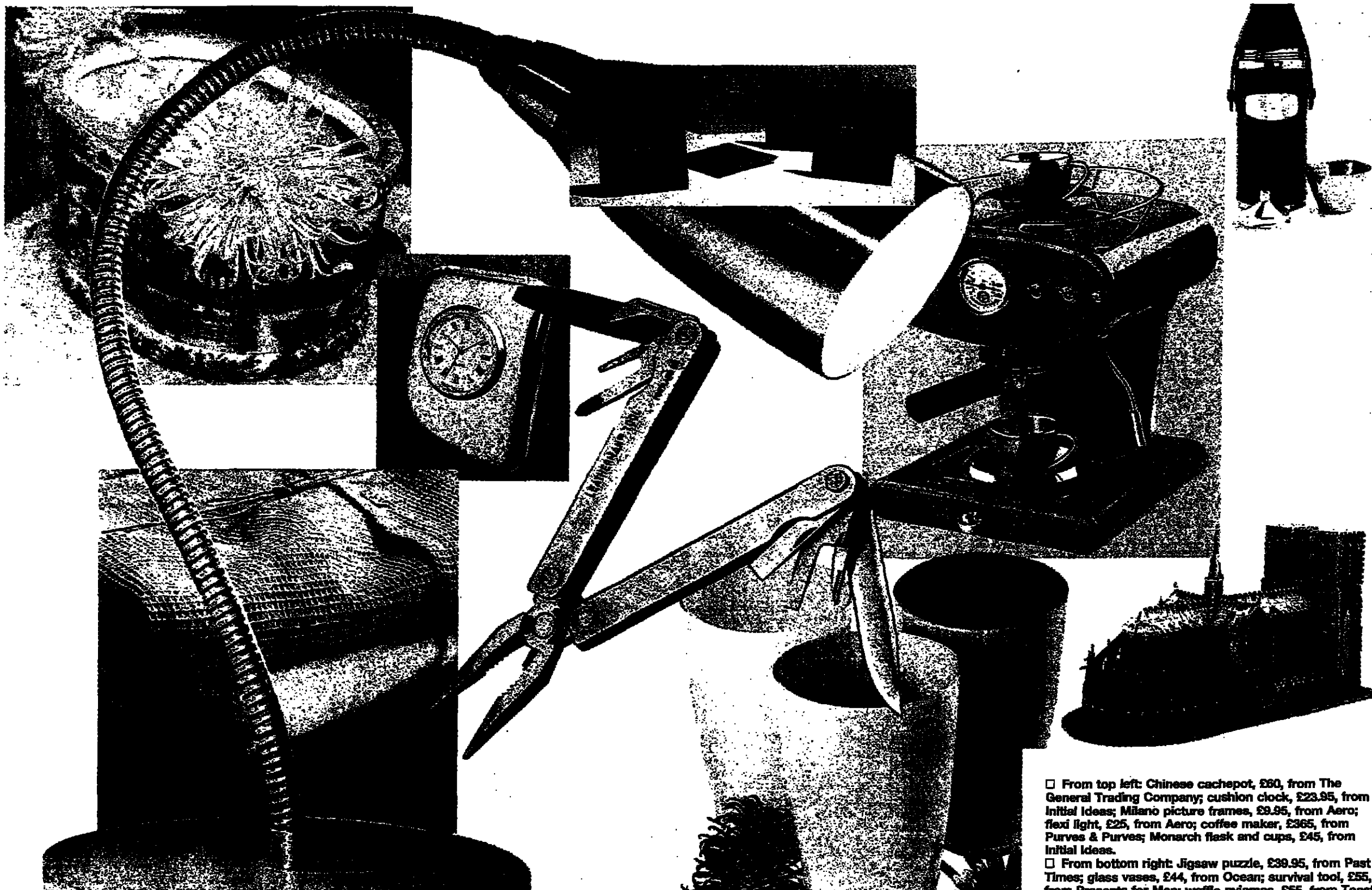
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هكذا من الأصل



# How to Spend It



□ From top left: Chinese cachepot, £80, from The General Trading Company; cushion clock, £23.95, from Initial Ideas; flexi light, £25, from Aero; coffee maker, £365, from Purves & Purves; survival tool, £25, from Initial Ideas.  
□ From bottom right: Jigsaw puzzle, £39.95, from Past Times; glass vase, £44, from Ocean; waffle pyjamas, £55, from Toast.

## A gift for armchair shoppers

Avoid the Christmas crowds – start early and do it all by mail order. Lucia van der Post surveys the best of the festive catalogues

I hate to mention the word, for I know how in those of a delicate constitution the very mention of Christmas quite so early in the year can bring on an attack of the vapours. However, for those who believe in planning, in being organised all in good time, now is the moment when serious consideration needs to be given to the annual phenomenon of the mail order catalogues.

To sophisticated shoppers, such as How To Spend It readers, there is little need to witter on about the advantages of buying it all by post – indeed, some of you are probably so switched-on that orders are even now flowing through the internet – but perhaps it is useful to remind you of some of the best catalogues around.

For those who want something large, all-embracing and aren't too fussed about

the scene, so listed here is a combination of some of the best of the old and the new.

Those who want something a little more exclusive, funkier, quirkier are likely to prefer the smaller, carefully edited catalogues. Some of you will have established favourites, reliable sources of happy present-buying through the years. But each year new arrivals appear on

the scene, so listed here is a combination of some of the best of the old and the new.

AeroMail tel: 0181-971 0066 fax: 0181-971 0038 New to the scene, this is the catalogue produced by the adventurous Aero shop (96 Westbourne Grove) which specialises in all things modern for the house.

You could buy something as large as John Sullivan's Lolita sofa (£1,250) or as small as transparent salad servers (£4.95 each) or a small bowl (£1.95). In between, come design classics such as the Dualit toaster (£155), the Aero flexi light (£25) – terrific for bedside reading – or utterly modern photograph frames (from £9.95).

Barclay & Bodie tel: 0171-586 8486 fax: 0171-586 4366 The present shop par excellence. Every year it comes up with a combination of the beautiful, the charming, the useful and the whacky.

This year's beautiful items include polished horn bowls (£21); Japanese lacquered boxes and etched glass vases; and it would be hard to find something more useful than a powerful torch (complete with batteries) which is also a tool box holding a screwdriver with four changeable heads, insulated pliers, a strong hammer and magnet (£26).

As for this year's whacky contribution, it's still hard to beat the rubber hot water bottle shaped like the top half of a female torso, the neck (and top) encircled with pearls (£95), or the ironing board printed with the picture of a (tastefully) naked man (£17.50).

Beckett & Graham tel/fax: 01235-751389 For those who enjoy the nostalgic, who love knick-knacks and decorative bits and pieces, this is the catalogue to look out for. From intricate decalcomania lamp-bases, wired and ready for use at £45 each, to a faux lynx fur throw backed in chic white linen at £360, this catalogue is filled with decorative items for those whose homes veer more towards English country house than minimalist chic.

Four ivory-backed hair brushes with pure bristle are £52 each (they can be initiated at £5.50 an initial), while tin trays embellished with nostalgic paintings of food and flowers are £17.50 each.

Every country house needs a solitaire board and here is a fine one for £35, while those who do not like their glasses plain can buy them engraved with everything from flowers and stars to birds and geometric motifs.

Initial Ideas tel: 01548-831070 fax: 01548-831074 Filled with ideas for almost every sort of taste – a handy compendium for those with long lists and a smallish budget. There are blackboards for making lists at £9.95, a monocular telescope at £39.95 (for a scientifically minded godchild?), a pen that combines a propelling pencil, biro and highlighter all in one (£8.95), a leatherman multi-tool for the outdoors sort (£59.95), a stainless steel flask with a bridle hide cover and four stainless steel cups (£45), and a plain "cushion" clock for £23.95.

There are also lots of inexpensive toys, ranging from a box of paints (£24.95) and a wooden toy construction set (£29.95) to Penguin Pile-Up – a game that involves balancing penguins on an iceberg, £10.99 – and a wooden styro-cosaurus dinosaur kit (£4.95).

Ocean tel: 0800-132 985 A catalogue worth hanging on to all year round, as it is filled with bright and attractive things for the house. Hammered aluminium vases at £24.95 vie with pretty, brightly coloured Congo nightlights at £9.95, and coloured glass pots, ideal for holding flowers or candles, at just £3.95. Then there are pretty powder glass vases, white on the outside and green, pink or yellow on the inside, at £44 each.

Those suffering from a lack of order in their lives will like the sturdy filing boxes in designs ranging from the plain and neutral to the bright. Good cookware, too – stainless steel pots and pans, wine racks (the free-standing, 16-bottle wine rack at £59.95 is ideal for those without a cellar) and an

enchanted collection of bright kitchen timers topped with hearts, crowns or lilies at £18.95 each.

Past Times tel: 01993-770440 Another catalogue for those with a nostalgic turn of mind, who hate the plastic and the minimalist. Intricate Celtic wool cardigans, Celtic jewellery (the nicest, in my view, is the onyx and carnelian necklace at £45) and elaborate serapes at £89.95 are all part of the nostalgic mood.

The Notre Dame cathedral 3-D jigsaw puzzle (£39.95) should keep children busy, while even minimalists should go for the white cotton-tucked nightdresses at £24.99.

Some of the jewellery is very attractive and well-priced – the marcasite and amethyst earrings at £17.99, for instance, would be a charming present for a young girl who wasn't totally wedded to wearing jeans and trainers, while the twisted pearl and amethyst necklace at £65 is also pretty.

For those who believe Christmas should be nostalgic, this is a good way to buy Victorian-style wrapping paper, crackers, Christmas tree lights and cards. A sweet, small present is the boxed set of 12 soaps, Victorian style, each embossed with roses, for £14.99.

Presents Direct tel: 0171-371 7017 A bright, modern catalogue with bright, modern accessories for house and hearth. Gorgeous wool rugs in red, yellow or green and white checks are £29 each, a spiral umbrella stand is £49.95, a splendidly imposing vase and stand is £59.50, and a Mah Jong set £75.

At the cheaper end of the scale are a photograph album at £39.95, a plain cylindrical vase at £35 and Bun Mei kitchen knives from Japan starting at £34.50. If you're feeling generous, a classic retro-style fan is £112.50, a simple folding chair and stool are £170 and, for those addicted to cocktails, an ice-crusher is £65.

Presents for Men tel: 01295-750100 fax: 01295-750800 Now that men are supposed

to be interested in style, too, they are less hideously difficult to find presents for, but those still struggling could try this catalogue for ideas. It veers heavily towards the outdoor and rugged – storm lanterns and kettles, rucksack stools and the like.

But there is also a good selection of cuff-links – some admirably plain, like the simple enamel ones at £19.99 a pair – some good plain photograph albums with nice off-white card pages (£31.99), a splendidly practical torch that has a spotlight, blinking light, amber warning light and a fluorescent lamp (£7.99).

It's a good catalogue for children looking for presents, as there are many inexpensive gadgets – a stopwatch at £7.99, for instance. There are also pages devoted to presents for less than £10 and £5.

Purves & Purves tel: 0970-603 0205

Another bright, modern catalogue – nothing here of Santa, reindeer, berries or tinsel. Instead, there is lots of bright plastic, the newly chic material, such as Philippe Starck's Excalibur Toilet Brush at £22.50 (on second thoughts, possibly not a scintillating Christmas present), bottle racks by Jasper Morrison (£21.50), trays, glasses and egg cups.

There is also an impressive state-of-the-art coffee-making machine, the Capsule, at £85, and an extraordinarily large selection of very modern clocks.

Special EFF tel: 01789-450916 fax: 01789-450916

A small, specialist catalogue for those looking for cutting-edge, beautifully designed gadgets – not the latest computer or camera but slinky alarm clocks, sleek metallic pens, simple, modern photograph frames, torches in

transparent jelly colours and plain steel watches.

The General Trading Company tel: 0171-730 0411, ext 243 Always a favourite – short on the purely practical or hi-tech – this is the catalogue for those who want something deliciously pretty or beguilingly charming.

Look out especially for a selection of well-priced and skilfully aged Chinese blue and white ceramic ware – wonderfully antique-looking cachepots with delicate crackle glazes are about £50, and there are smaller bowls and dishes.

Other ideas – a generously sized hurricane lamp made from recycled glass at £30, lacquered bowls from Vietnam from £25, prettily painted tin trays for £18 each, and Bernie de la Cuon's traditional paisley pure wool throws at £125.

Toast tel: 01558 66 88 00 It may seem odd to include this little leaflet after a list of much more substantial catalogues, but though small, Toast is equally beautiful.

It sells nothing but nightwear – and, to try to capture the flavour, it purveys a sophisticated ethnic look that is well-known to fans of the shop Egg. Here are 100 per cent natural fabrics – linen, cotton or silk – made into easy, attractive and comfortable nightwear.

Not that the lucky owners should shy away from wearing the pale cream or white drawstring trousers during the day, and I can think of little more comfortable and stylish to wear in the tropics than the plain cotton pyjamas – in plain white they could easily be mistaken for Issey Miyake or Yumamoto. Also in linen, flannel, plaid, crinkled or waffled cotton, from £35.

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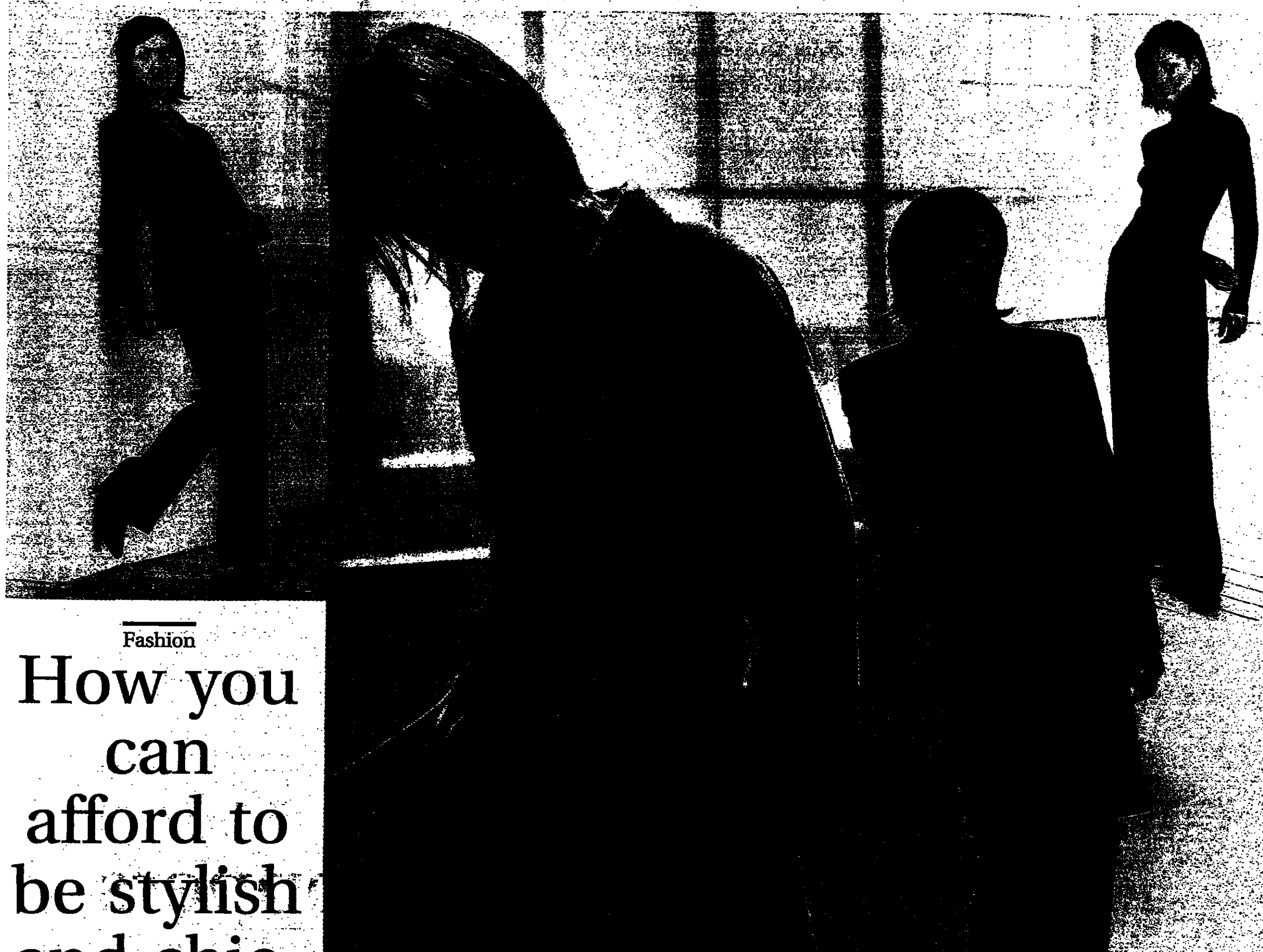
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# How to Spend It



Fashion

## How you can afford to be stylish and chic

So you like Jil Sander clothes but are put off by the price tag? Karen McCartney shows how to get the look without the angst

If our clothes are the outward expression of our inner selves, then the Jil Sander woman is a creature of quiet good taste mixed with a dash of edgy chic, but, most important, her bank balance is so healthy it positively glows. With Jil Sander suits starting at about £1,500, you may get what you pay for but not all women can, or care to, spend that much money. So for Jil Sander devotees who love the look but not the price, here is how and where to shop.

Jil Sander is a designer with a very particular, consistent vision of the customer for whom she creates and her approach is intensely personal. She rigorously tries on every garment she produces. Elisabeth Bjerregaard-Pedersen, buyer for the Jil Sander shop in Browns, London, says: "These are clothes designed by a woman for women. It is a low-key, discreet way of dressing where the beauty is in the feel of the fabrics and

the flattering fit of the clothes.

"Jil Sander's appeal is very subtle because the clothes do not demand attention, and it is often only the small group who wear the clothes who even recognise them."

Bjerregaard-Pedersen is the first to admit that the high price tags keep the clothes exclusive, but argues that when women slip on a jacket or coat they immediately understand what all the fuss is about. Whether they then buy, or walk away, their perception of Jil Sander is altered for the better. They pick up the sheer luxury of the cashmere coats, the sensuous sheen of serious money, the sense the suits carry of being part of the symbolism of some exclusive club.

"Jil Sander's clothes aren't as season-specific as some designers' so many customers find they get years of wear out of well-chosen items," says Bjerregaard-Pedersen. Hence, the image

of the Jil Sander customer's wardrobe is not one bulging with fashion *four pos* but a streamlined affair of well-considered items all worn, working and well-cherished.

The Jil Sander fan is a disciplined being. Shopping for a similar look without a hefty wallet requires an even more rigorous discipline. Abandon all thoughts of brash pattern, don't be tempted by bold jewellery and forget fussy accessories. Instead, look for luxury fabrics, a simple silhouette, a restrained colour palette and an impeccable fit. As Jil Sander says herself: "I like a woman to look cool, never over-decorated. I like to see a woman's intellect, her strength of personality."

Jeanette Patterson-Todd, international design director at Jaeger, regularly views designer collections around the world and admits that while her excitement in the 1990s came from American names such as Donna Karan and Calvin Klein, now, in the 1990s, it comes from the immaculate cut and beautiful fabrics of Jil Sander.

"Her clothes allow room for the wearer's personality because they are so low-key and unflashy, but the quality is always there."

Patterson-Todd has turned Jaeger's image around from the frumpy store it had become into the 1996 winner of the Classic Design section at the British Fashion Awards. Like Jil Sander, she knows and appreciates her customer and can spot a Jaeger outfit at 20 paces.

It clearly gives her pleasure to see how well-groomed and stylish the customers look, and while the prices obviously differ from Jil Sander there are points of principle which are remarkably similar. The love of quality fabrics, the flattering cut and finish, the fashion longevity and the pared-down styling all mirror the Jil Sander approach. Key buys from Jaeger are the soft, cashmere/wool wrap

coat, photographed here, which has all the luxury and comfort of a truly expensive buy and their range of charcoal grey flannel separates including an elegantly cut tunic top, a fitted jacket and this season's extra-wide Katherine Hepburn-style trousers.

Not far from Jaeger's flagship store on London's Regent Street is Episode - a sophisticated brand catering for the lifestyle of the working woman. Michael Ward, designer at Episode, places his emphasis on a designer look at affordable prices

**Jil Sander's range of bags, shoes and belts tend to be fashioned in fine grain leather in simple shapes**

(what the Americans call the "Bridge" price point) and has made huge advances in innovative fabric sourcing and a pared-down design aesthetic.

While Episode stocks many feminine clothes, it is the items based on a more masculine cut that echo Jil Sander's penchant for the tailored discipline of a man's wardrobe. Featured here is a brown wool coat based on the traditional Crombie. Its lean cut is equally flattering worn with a knee-length skirt or with slim trousers.

Caroline Robertson, personal shopping adviser at Dickens & Jones, is a fan of the Jil Sander look and her shopping advice is good. "Always check the fabric mix; choose natural fibres for durability, a small percentage of Spandex in a wool suit gives ease of movement and travels well.

"Most of my customers

prefer mid-weight fabrics as they suit air-conditioned offices and are trans-seasonal. Choose a neutral colour palette - black or navy and - key for this season - charcoal. Fit and the feel-good factor are very important and, stylewise, I recommend a single-breasted jacket, slightly waisted with narrow lapels and long enough to hit mid-thigh. This will work with both trousers and skirts."

From Dickens & Jones' designer room, Robertson recommends the elegant, clean lines of Kors by Michael Kors, the luxury fabrics of MaxMara and the understated cut of Philippe Aude.

Opt for minimal accessories. Jil Sander's range of bags, shoes and belts tend to be fashioned in high-quality, fine grain leather in simple shapes. At risk of stating the obvious, always avoid gilt fastenings, over-large logos and elaborate straps and look for a medium-sized structured bag where the quality of the leather is evident. Debbie Christopher, buyer of accessories at Fenwick of Bond Street, recommends Furla.

"Their bags are modern and understated but still practical. They are Italian made, often in small grain leather which looks expensive, wears well and doesn't mark easily. A Furla bag is around £150 and is a good buy," she says.

These clothes require the groomed, cared-for look that only comes from perfect hair and make-up. To help you achieve that look Jil Sander has also developed a skin-care, make-up and fragrance.

She has been quoted as saying, "What interests me is the barely perceptible," and this is echoed in the nature of these ranges. The make-up consists of lightweight, translucent products, often with a hint of shimmer or shine.

Colour choices are both soft and bold, and innovative products such as the eye-

liner pencils in silver and deep blue brighten and define eyes.

The finishing touch to any outfit is the scent, and here devotees of Jil Sander can afford to indulge their passion. "Jil" is a characteristic combination of the contemporary and the luxurious, reflected in the packaging and the scent itself - a spare, minimal design contrasting with a warm, spirited fragrance. So, now you may leave home in a well-considered outfit, but the cloud of fragrance can be pure, authentic Jil Sander.

From left to right:  
 □ Brown/camel pinstripe viscose/wool mix jacket, £349, and matching trousers, £164 both from Georges Rech; black suede ankle boots, £155, from Russell & Bromley  
 □ Camel cashmere coat, £450, Jaeger; grey wool flannel tunic top, £120, Jaeger  
 □ Brown ribbed wool single-breasted coat, £250, Episode; moss asymmetric wool/silk/spandex mix top, £99, Episode; black wool wide-leg trousers, £45 Walls  
 □ Black lycra/wool crepe polo neck, £65, from French Connection; grey flannel trousers, £140, Jaeger; suede boots from Russell & Bromley as before.

STOCKISTS' ADDRESSES: Episode, 172 Regent Street, London W1; 0171-589 4278; French Connection, 249 Regent Street, London W1; 0171-580 2507; Jaeger - inquiries 0171 200 4244; Georges Rech - inquiries 0171-235 3349; Russell & Bromley, 24-25 New Bond Street, London W1; 0171-629 6903; Walls, 217 Oxford Street, London W1; 0181-910 1333; The Jil Sander Shop is at Browns, 25 South Molton Street, London, W1; 0171-491 7833.

The fragrance 'Jil' is available at Selfridges, Harrods and Harvey Nichols, London, and the cosmetics and skincare are exclusive to Harrods.

STYLIST: Karen McCartney  
 PHOTOGRAPHER: Ursula Steiger  
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## FOOD AND DRINK

## Wine

## Old world bottle - new world name

Jancis Robinson considers a turning point in the fortunes of France

I have seen it all now: a wine produced in that most celebrated of French regions, Bordeaux, entitled to boast its carefully regulated origins on the label from within the cosy embrace of the words Appellation and Contrôlée, being sold instead as Merchants Bay Merlot Cabernet Sauvignon.

The taste of this inconspicuously respectable light red, exclusively at Waitrose for £4.49, is not the point. It is the nomenclature that surely marks some sort of turning point for the fortunes of France, or at least geographical appellations, in the greater world of wine.

Whatever next? Will we be seeing Monsieur Coche-Dury's and Comte Lafon's magnificent Meursaults renamed Mouse's Leap? Will Château Mouton-Rothschild become Rothschild's Mound? Hermitage might profitably be renamed Lonely Hill, and Muscadet become Smugglers Cove, perhaps.

Do I sound too awfully fogeyish? Probably.

In the past few years we have

seen the vineyards of eastern Europe converted, for export markets at least, from historic local names with troublesome accents to the likes of Badger Hill, River Route, Idle Rock and Rocky Valley.

Then, spreading north from the south of France, came bottles of French wine proudly labelled as having been made under the influence of non-French winemakers. Worry not, folks, this wine is technically perfect.

More recently, that inconveniently unattractive (to everyone other than a handful of us) wine region called Germany has also been transformed. The tall, dark bottles have been abandoned in favour of burgundy

and bordeaux shapes in appropriately coloured glass.

Supermarkets wary of imposing real German wine on their customers are giving the country's wine one last chance in the form of such products as Black Soil Rivaner Riesling, Fire Mountain Riesling from the Pfalz and Slate Ridge (unspecified grapes) from the Mosel. If you read the labels carefully in the case of the first two, you will see the wines were made by an Australian winemaker.

Hardly any Germans were involved - phew! And note that meaty-mouthed "Rivaner" for our dreary old friend Müller Thurgau.

But Britain's most conservative supermarket chain selling a

red bordeaux as Merchants Bay, complete with back label reassuring us that a New Zealander spent a whole three months in Bordeaux making it, jaunty graphic of clippers in full sail, nautical chart motif and Antipodean absence of apostrophe has finally shivered my timbers.

It is not that all wines with these silly names are worse than all those still marching along to the old geographical rhythm. Oak Village has always struck me as a particularly anodyne name for a carefully selected range of what are rather good South African wines. The name sounds like a Centoparc resort, as does the

address of Fetzter, kings of Mendocino in northern California, Valley Oaks.

Particularly recent offerings along these lines include Star Mountain full-bodied red. Now where might that come from? Only if you knew that Portugal's highest mountain range, in the Cova de Beira region, responsible for this wine selling at the Co-op for the special introductory price of £3.49, is called Serra de Estrela could you possibly guess at this wine's decidedly Old World origins.

Two Tribes is the name of another pair of new wines, a blend of Chilean, Argentine and, if you please, South African produce. We would like to say that a lot of research has been carried

out prior to the launch but it hasn't. "We just know that people are crying out for wines with some fruit and character... Other countries have not been ruled out of the equation as possible future sources for the range."

Now what equation would that be exactly? Might it possibly be of a financial nature?

Does anyone remember Hironelle, one of the basest wine brands, so popular in the 1970s? How we sneered at the commercial expediency employed to produce a range that deliberately obscured its origins so its owners were free to source the wine wherever happened to be cheapest.

Some of these Old World wines in New World clothing are quite good. The Idle Rock Pinot Noir Reserve 1996 (£3.75 from Sainsbury) smells convincing when I first opened it. Not that you would guess it from the name, but this wine is a special selection from the Dealul Mare region north of the Romanian capital, which until now has exported rather jammy examples of the red burgundy grape. My experience suggests this should be drunk immediately.

Pace Merchants Bay, Waitrose do have a fine specimen in Winter Hill Semillon/Chardonnay 1996 at just £3.99, much more interesting and lemony than the barrel-fermented Chardonnay in this Franco-Australian range of Vins de Pays d'Oc selling at £5.49. Like most of these new creations of marketing rather than nature, however, this offer from Winter Hill (aka the French village of Pulcheric in the Languedoc) should be drunk as young as possible. Will the fashion for such nomenclature be more long-lasting?

## A passion for organic food

Nicholas Lander goes down to the farm

Barely visible in the field were the tops of 130,000 Pancho leeks which, early next year, will grace the tables of some of London's top restaurants. In the far distance, was a container ship being loaded in Southampton Docks.

All are connected. The sea, containers and an increasing number of chefs demanding the freshest tasting vegetables, picked young, have contributed to the success of Ian and Louise Nelson's Sunnyfield's Organic Farm.

The farm is near the English Channel: Southampton Water is to the south and the river Test is to the north. The New Forest is two miles away. Because of its position, the farm is partly protected from the worst of the British climate.

Ian Nelson explains: "We missed the frost at the end of May, which hit so many others and, if the weather carries on like this, we will still be picking tomatoes at the end of December."

Secondhand containers make ideal storage for the Nelsons' produce. There are seven on the farm, some holding tons of Desiree potatoes while others, refrigerated, hold boxes of mushrooms, celery and spinach. Nelson is proud of the containers. "They are vermin-proof and not difficult to move around the farm. They do not require planning permission and they are far cheaper than even the most expensive building."

Neither the weather nor the containers would make too much difference if the passion to produce flavourful, organic crops did not seem to consume 33-year-old Ian Nelson who, when approached by a new chef for supplies, replies with a request for a menu so he can be certain his vegetables will go to a good home.

"I am," he admitted, "horrendously fussy who we take on." Among those he sup-

plies in London, in addition to organic wholesalers, are the River Café, Hammer-smith; Moro, Clerkenwell; Clarke's, Kensington; and Putney Bridge restaurant. He runs a thriving farm shop which stocks 1,500 organic lines, including snack foods and a home delivery service within Hampshire and south London.

Manchester-born and bred, Nelson has always felt an empathy with the land. He completed a three-year course at agricultural college then spent two years on Voluntary Service Overseas as a horticultural development officer in Malawi. It was there that he met Louise, his

**Chefs love finger aubergines because they can slice, grill and serve them as a single portion**

wife. Nine years after settling on the Adam Barker Mill Estate, the Nelsons have built up a 30-acre organic farm with a turnover of £500,000, a staff of 15 and six tractors.

"If this were an agricultural holding, we would only need one. Rather I run it as a horticultural one," says Ian Nelson. "We grow everything from seed and today this means 120 to 140 different varieties of 60 different vegetables including six different varieties of tomatoes, three types of chilli pepper, seven different squashes and three varieties of aubergine."

"This gives me the flexibility to adapt to changing culinary fashions. My biggest regret this year is that we did not plant more finger aubergines."

"These are just a bit

thicker than your middle finger and chefs love them because they can slice them in half, grill them and serve them as a single portion. Chefs seem to be crazy about beetroot, too, not the ordinary variety which we can hardly give away, but the stripy and golden varieties. My hunch is that next year they will all be wanting chilli peppers."

This is why he is so keen to develop his business with sympathetic chefs who share his great enthusiasm for the soil and its produce.

As Samantha Clark, chef/proprietor at Moro, explains: "Ian delivers to us twice a week at about 9pm and although he has to wheel his recyclable boxes through a crowded restaurant the produce looks so fresh it makes our customers feel good. I phone him on Monday and Wednesday mornings with our order which is picked in the fields at 4pm and delivered to us that night."

Nelson provides chefs with the opportunity to experiment, too. From a recent trip to Spain, Clark brought back some piquillo peppers, small red peppers from Rioja, not readily available in the UK but an integral part of Spanish cooking. She will hand the dried seeds to Nelson and hope that a warm spring, abetted by his poly-tunnels, will produce a crop especially for her next year.

The prospects for organic farming have never been brighter, Nelson believes. Chefs are promoting organic produce to good effect. As a grower, Nelson is excited by the introduction into the UK of more unusual varieties. As a businessman, he hopes that his dream of a 300-acre organic farm with cafe, accommodation and educational facilities lies not too far in the future.

**Sunnyfield's Organic Farm, Jacobs Gutter Lane, Marchwood, Southampton, Hampshire, SO40 9FX. Tel: 01703-871408, fax: 871146.**



Ready for the autumn squash? Ian and Louise Nelson with their current harvest

Robert News and Photo Agency

## Oysters for the millennium

Giles MacDonogh's visit to Galway is not without its disappointments

I was suspicious as soon as I got there; they had heaped three more storeys on top of McDonagh's fish and chip shop and cleared away the jolly bric-a-brac which used to sit on the roof. In nearby Eyre Square, the US, in the shape of a shopping mall, has opened up. The last stretch of medieval wall is flanked with a bogus half-timbered street full of fast-food joints.

Opposite the neo-Greek Franciscan church, where a joyful, new wave friar was settling a small doctrinal issue with a young parishioner on Sunday morning, a Sapphic bar is announced as "opening soon".

This is the new Galway city in a new Ireland which is often uncomfortable to first, second or even third generation emigrants like me.

I even read in the paper that the country is to be gripped by the recent plague of national apologies: they want to make amends for the diaspora, it seems. Irish culture is at fault; it destroyed ways of life in the

countries where the immigrants made their homes. I came for the oyster festival. Galway city has played host to a mollusc-munching beano every last weekend in September since 1954. The place must have looked very different then: a half-dead, far-away, run-down Irish port with just a handful of old buildings to lure in the hopeful stranger.

In the past few years, however, Galway has risen on the back of the Celtic Tiger to become the linchpin of Ireland's silicon valley.

By all reports, the festival has changed a bit, too. Guinness, the brewer, has taken over sponsorship and, with time, it has put on a slight corporate air. These days, a large percentage of the seats at the two big dinners are block-booked to entertain Guinness's customers and friends.

There was certainly no absence of oysters that weekend, and some of the best I had ever tasted: juicy, sweet little natives from the beds out in the bay.

It seems almost a pity to eat the cheaper Pacific

"rocks" in Galway, when the old European breed is so plentiful out there, in some of the least polluted waters in the British Isles.

If you come to Galway for the festival weekend and put up in one of the better

**Some of the oysters were the best I had tasted: juicy, sweet little natives from the beds out in the bay**

hotels, such as the Great Southern (the well-preserved former railway terminus hotel), you can go on a Guinness and oyster crawl down the three interconnecting streets which make up Galway city's main drag.

Pubs alternate with shops selling Aran knitwear and, in the former at least, you will find as many oysters as

you can eat and as much Guinness as you can swallow.

That could be the best made d'emploi for people hoping to visit Galway that weekend. Many Irish people do just that. They hop in their cars and spend a couple of days as tight as barrels, happy to find a pretext for a stylish pub crawl. Whether they eat that many oysters or not is a moot point. The taxi drivers I spoke to thought it was more like a pretext - an excuse for a party, if you liked. A man I spoke to in the Guinness tent told me he thought the admission charge of £180 was a bit steep. I mentioned the oysters. "They're only oysters," he said dismissively.

As I say, the two formal dinners and the Saturday lunchtime function in the big tent on the harbour quays are heavily oversubscribed. The logic behind the official entertainment at the Corrib Great Southern Hotel outside the city is a little hard to determine. Before the dinner on Friday night a team of men shuck

oysters for all they are worth and the guests mop up the debris. Then you go into dinner and oysters are not mentioned again until the following morning.

It is then that the mayor, jangling his mighty chain of office, officially opens the festival by slurping down the first oyster of the year (hold on a moment: what were those things I ate last night?). His little speech in English and Irish was followed by the appearance of a lot of flatulent sports cars and some scarcely more sonorous brass bands. The wisest of us had already fled, and made for one or other of the better pubs for a pint or two before spending the afternoon in the tent.

The gala dinner is held at the Corrib Great Southern that night. I had a little fantasy about it as I lay in my bath. A plate of fresh oysters as *amuse gueules*, oyster soup with some sort of puff-pastry boat bearing an oyster, a hot oyster *hors d'oeuvre*, a beef and oyster pie, or something seasonal: some wonderful dwarf lamb from nearby Connemara (I

had bought some that morning from Sean Loughane's shop down the road), with an oyster sauce, and finally some playful pudding on an oyster theme: in short, a proper oyster blow-out to welcome in the season.

Well, it was a nice dream while it lasted. Reality brought me down with a thud. It was a jolly enough evening with plenty of larking about and guests dancing on their chairs, but the food was of the sort generally associated with some ill-starred catering college.

Nothing had been minced up, jellyfied and packaged; glorified Spam posed as rillettes, terrines and pâtés, vegetables were waterlogged, ratatouille contrived to be boiled, (good) meat was overcooked. A pink and white pudding played an unwelcome finale. There was not an oyster in sight.

Yes, I'm sorry to say this, old Galway might be tumbling into the 21st century all right, but it is about time they learned to make their most distinguished local the star of the show.

## Insider wine tasting for FT readers

Hosted by Jancis Robinson, FT wine writer and author

In today's heady market, certain wines are known only to insiders. Many have already achieved cult status, so sought after they are by investors and hedonists, even though few outside the trade have tasted them. FT readers are invited to join Jancis Robinson who will take them on a special, insider tasting of nine of these rarities: Gulga's

super-Condrieu, grand cru white burgundy made 'biodynamically' at Domaine Leflaive, Spain's new red named Pingus, Tuscan super-Merlot, Masseto, Christian Mouquet's Californian Domus, jewels of the right bank Tertis, Ribot and La Mondotte, DRC's legendary La Tache and fully mature Salon Blanc de Blancs champagne.

The wines, imported by Corney & Barrow of London EC4, will be tasted in Riedel glasses. Tickets, limited to 80, include a signed copy of Jancis's 'Confessions of a Wine Lover', her new book.

The tasting will start promptly at 6.30pm on Wednesday December 3 at the FT headquarters, No 1 Southwark Bridge, London SE1.

To reserve your tickets, priced £75 each, contact Mike Pearson, Financial Times Ltd, No 1 Southwark Bridge, London SE1 8SU. Tel: 0171-873 3288, fax: 0171-873 3084 e-mail: mike.pearson@ft.com

Readers who are unable to attend the wine tasting can purchase a copy of Jancis's book (r.p. £17.95) at the special price of £14 plus £1.50 p.p. for UK addresses. Overseas postage will be charged extra at cost. Please send orders to the above address, with cheques made payable to Financial Times Ltd.

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FOOD AND DRINK/MOTORING

Good ingredients make good cooks, says Philippa Davenport, who enjoys real poultry

I roasted a chicken last Sunday, with a curl of lemon peel and a sprig of tarragon inside it, and butter rubbed all over the salt-and-peppered skin.

I had forgotten how good such a simple classic can be - full of juicy flavour and firm flesh under a crackling golden skin. The success depends not so much on the cooking, which could hardly be more straightforward, as on the shopping. A bird of impeccable provenance is essential.

The British are beginning at last to wake up to the fact that foods have been sold too cheap (cheap and nasty) in the UK for too long. To eat well, foods need to be raised with care, and that means being prepared to pay a proper price for them.

Few resent the premium price a good chicken commands over its undistinguished cousins; and, as discernment grows, so does the availability of chickens that taste as chickens should.

More shoppers are asking specifically for traditional free-range, total freedom free-range or organic chickens, having learned that the word free-range on its own is not enough.

It means merely that the birds have access to fresh air runs; they are the same big-breasted, weak-legged modern breeds as intensively reared indoor chickens, and they are raised and killed within a few days that little flavour develops.

On the other hand, traditional free-range and total freedom free-range chickens are sturdier old-fashioned varieties bred to scratch a living outdoors and allowed to grow to decent maturity before culling. A much better choice.

Increasingly, the trend today is to buy chicken portions rather than a whole bird, which is deemed too big for modern one or two person households. Portions are neat and convenient, they give the carver time off and avoid family squabbles about who gets what.

Best of all, as I see it, because bony wings and plump cushions of breast respond best to different cooking methods and require different times to cook to perfection, each can be treated in the way most appropriate to its type. On the downside, portions are expensive because they are sold ready-trimmed and the purchaser is deprived of delicious tidbits.

Given the present preference for chicken portions, and given the growing demand for good quality chicken, you might expect every high street chain to stock traditional free-range or total freedom free-range chicken portions, and organic ones as well.

Not so. In practice, the full gamut of chicken portions seems generally available only in the lower grades of poultry.

Basic free-range chicken portions are slowly becoming a supermarket norm but, while breasts may be plentiful, thighs are not always to be found, and chicken wings (my favourite) are rarer still. Every chicken is presumably born and killed in possession of two breasts, two legs and two wings, so why the disappearing act between slaughter and supermarket shelf?

The higher the grade of chicken, the less supermarket likelihood there is of finding it sold as portions. For the time



Roast chicken and bacon flavoured with tarragon, garlic and lemon is one of the treats served up in Gary Rhodes' latest book, *Fabulous Food* (BBC, £17.99)

Cookery / Philippa Davenport

## Free as a bird - as a chicken should be

being, the most reliable sources of total free-range and organic chickens are traditional independent butchers and farms from whom you can buy direct at the gate or via courier delivery service.

Butchers and farms do not often automatically offer chicken portions. But, being run by people on the spot, rather than subject to central buying operations, they respond willingly to individual requests and will prepare poultry to order just as readily as they will cut the joint you require from a lamb or beef carcass.

I tend to buy half a dozen or more birds at a time, one or two to be left whole perhaps, the rest to be portioned into wings, thighs, drumsticks and breasts.

An order of this size helps to spread the cost of carriage. You will not want to eat it all at once, of course, but chicken freezes

well and some suppliers will vacuum pack and freeze orders before despatch, using faster and more effective methods than you or I could muster at home.

The best thing about buying chicken in this way is the fact that nothing is wasted. Feet, necks, offal, backbones and other trimmings are all part and parcel of the deal.

The livers can be sautéed, crushed and spread on toast; the other bits and pieces will make the best of all stocks.

Chicken stock is for me the greatest prize the bird yields, the key to many soups, sauces, stews and braises. Good stock makes fine dishes finer and can transform ordinary dishes into superlative ones.

I can think of no sharper proof of the importance of good ingredients than to cook the same dish twice over, once using a stock cube, once using home-made

stock. The difference is remarkable.

### ROAST CHICKEN WITH TARRAGON, PROSCUITTO AND POLENTA

(serves 4)

This stylish modern version of roast chicken comes from *Fusions*, a look at Australian cooking by Martin Webb and Richard Whittington (Ebury Press, £19.99).

8 chicken thighs, boned and skinned; 150g butter; 3 tablespoons chopped fresh tarragon leaves; 3 thinly sliced sheets of prosciutto; 400ml strong chicken stock; soft polenta made with 55g polenta, 1 garlic clove, 350ml water and 150ml each milk and single cream.

Lightly cream the butter. Beat in the tarragon, 1 teaspoon salt and half as much coarsely ground pepper. Place the chicken flat in front of you, open up the

flaps where the bones have been removed and, using a dessert spoon, fill the cavity with the flavoured butter. Fold the ends of the chicken into the centre. Lay a slice of prosciutto on the work surface, put the stuffed chicken on top and wrap. Repeat and refrigerate for the butter to firm. This can be done ahead.

Make the soft polenta (which takes about 50 minutes) and heat the oven to 250°C (475°F) gas mark 9. Pour the stock into a deep roasting tray, place over moderate heat and bring to a simmer. Put the chicken parcels in the stock, spaced well apart, and cook in the oven for 20-25 minutes, basting occasionally.

Transfer the chicken to warmed plates. Put the roasting tray over high heat and reduce the stock rapidly by about half. Place spoonfuls of polenta beside the chicken and spoon the sauce over and around.

## Risotto, the dish of time and patience

Clarissa Hyman looks at the versatility of an Italian classic

The film *Big Night* opens with a scene in which a bemused American diner fails to come to grips with the Italian concept of risotto. In this salutary culinary tale *de nos jours*, the new world collides with the old, and tradition is confronted by commercial expediency - "Rape!" Primo, the purist chef, cries in visible anguish.

These days most Italians are wryly amused by the fact that their beloved risotto has been "discovered" by British restaurateurs. Authenticity is another matter. There are as many recipes, yet each is based on the same, highly codified technique. As synonymous with the north of Italy as pasta is with the south, risotto is nonetheless not as easy as it seems to master. It needs practice, the right ingredients and the Tolstoyan virtues of "time and patience, patience and time".

Rice is grown in a swathe of the Po Valley, stretching from Novara and Vercelli in Piedmont to the Veneto, but it is the Lombards who consume more than anyone else in Italy. In spring, the immense, flat Lombardy plain is a mosaic of watery fields cut by canals and locks engineered by da Vinci; poplars, villages and the great *cascine* farms, constructed to house 50 families or more, are mirrored among the new green shoots piercing the glassy surface.

Cultivation is mechanised. The days when the *modine* or women rice workers laboured barefoot in the marshy waters, memorably portrayed by Silvana Manganò in the film *Bitter Rice*, are past, but their shadow still hangs over the land.

Italian rice has the property of absorbing the liquid in which it cooks, allowing the round grains to swell without losing shape or becoming sticky. Classified by size, only two of the four types grown are used for risotto: *arborio*, round and sought-after, and *romano* are among the superfine varieties, while *finio* includes *baldo* and *violone nero*, a shorter rice used in the more liquidy Venetian risottos.

Not that one is necessarily better than another; as Roberto Fontana, of Casa Fontana in Milan, emphasises, different risotti need different sorts of rice. He speaks with authority - his modest little suburban restaurant offers the definitive risotto experience.

There are 23 risotti on the menu, divided into three sections, delicate, savoury and *piccante*. The first category includes a revelatory lemon-flavoured risotto, the second Lombardian specialities such as *lupaniga* sausage and red wine from Monza, and others made with courgette flowers and porcini, kidneys, and leeks and scamorza cheese. The third features his late father's award-winning recipe, *Due Monde*, made with peppers, dried and fresh tomatoes, capers and oregano.

Every year in October, Fontana hosts a week-long festival of rice - and he has even designed his own deep dishes, so the risotto is served with split-second timing at the precise moment of perfection. Risotto waits for no one.

Each risotto takes about 25 minutes, and is cooked to order. The unwashed rice is gently toasted in melted butter until it

becomes translucent and pings against the side of the round-bottomed pan. The shimmering home-made broth is added at careful intervals, and the rice makes a lively plop-plop noise as it cooks. Too high a heat and the grains cook unevenly, too low and they become mushy. It must be watched, stirred and stirred again. When the pan is taken off the heat, butter and cheese are beaten vigorously into the pan until the rice is *all'onda* - a rippling, velvety mound of tender but still firm grains.

Risotto can be made with every conceivable sort of ingredient - asparagus, artichokes, nettles, peas and game, the list goes on. Southern Piedmont is famed for its incomparable *risotto in bianco* with truffles, Venice for seafood, and in Mantua they make it with pumpkin. The monks of Certosa used frogs legs and perch when they were forbidden meat during the week. *Nuova cucina* introduced a number of lighter, fresher tasting risottos using herbs, radicchio or champagne.

Controversial ingredients include beef marrow or pancetta or either red or white wine

as well as one, best forgotten, made with strawberries.

Nothing, however, can arguably compare with the skill and devotion that goes into the making of the exquisite, golden-hued *risotto alla Milanese*, or *risotto giallo*, fragrant and rich with butter, cheese and saffron. An apocryphal story links this magical pairing of spice and rice to the painting of a stained glass window in the Duomo when saffron was mixed by an enthusiastic apprentice into a dish of wedding rice as a 16th century joke.

The Milanese are reluctant to let the facts stand in the way of a good story, but the truth is the combination probably derives from two centuries of Aragonese rule over Lombardy and/or Moorish influences via Sicily.

Controversial ingredients include beef marrow or pancetta, red or white wine. There are differing opinions as to the best cheese to use, and then there are those who say a true *risotto giallo* can only be made with the juices from a veal roast.

Unquestionably time-consuming, risotto is now a dish generally only made at weekends in Milanese homes, and many restaurants use shortcuts that would make Primo wince. At Il Cantinone, a traditional family-run trattoria, near the Duomo, they still make it the old-fashioned way, on Mondays classically paired with other great local specialities, *osso buco*. In this, the 1,600th anniversary year of Saint Ambrose, patron saint of Milan, it is a dish one can truly call ambrosian.

■ Casa Fontana, Piazza Carbonara 4 Milan, Tel: 02 358 570470. ■ Al Cantinone, Via Agnello 19, Milan.

### Road Test

## A model with a split personality

Stuart Marshall enjoys driving a speedster with a bargain price tag



The Nissan Skyline GT-R. A high tech supercar at a bargain price

You know the Nissan Skyline GT-R is a marvel of modern technology as soon as you turn the ignition key. There is a whirring noise and a blank piece of plastic in the fascia turns 180 degrees and becomes the control panel of a Kenwood radio/tape player.

Press the right buttons - a magnifying glass would come in handy for those not naturally eagle eyed - and music streams out as though from a domestic hi-fi.

I can already hear the petrol heads grinding their teeth and muttering: "Get on with it. You have had your hands on one of the most desirable super high performance cars in the world and all you can do is ramble on about the radio."

Very well. The Nissan Skyline GT-R is Japan's most successful production racing car. Its 2.6-litre inline six-cylinder engine has twin ceramic turbochargers and puts out 280 horsepower at 6,800rpm. It is said to be unbeatable at any red-lined until 6,000rpm.

Its chassis - according to Nissan, the most advanced in the world - features four-wheel drive and four-wheel steering plus an active rear limited slip differential.

An adjustable aerodynamic spoiler like a micro-light's tailplane presses the back tyres into more intimate contact with the asphalt at high speed.

Normally the Skyline is rear-wheel driven but when sensors detect it is desirable, up to 50 per cent of the engine's power can be fed to the front wheels.

Electronics also decide if handling would be helped by switching some power from nearside rear to offside rear wheel or vice versa.

The GT-R is a good looking car in a classic kind of way. There is nothing extreme about the styling; it just looks efficient, rather as an aircraft does.

Inside, it is practical rather than conventionally luxurious, with not a square centimetre of wood veneer to be seen. The front seats are bottom-squeezers, to keep you in place under very hard cornering. There is some space in the back for a couple of passengers, though

not very much. And I have seen bigger boots on superminis.

Nissan is proud of the fact that the GT-R has been round the Nurburgring in Germany - 13 miles and 172 corners - in seven minutes, 54 seconds and holds the

unofficial lap record. It has every right to be proud.

In the past, I have driven the Nurburgring many times in Porsche 911s. Even at over 10 minutes a lap, it can be a frightening experience. Any production car that can lap

it in one second under eight minutes has to be quite exceptional.

Sadly, its qualities cannot possibly be exploited on the public highway, which makes one wonder why the 100 GT-Rs to be imported into Britain in the next year

have already been snapped up at £50,000 for each.

In Japan, typical buyers are in their 20s or 30s; in the UK, they are expected to be slightly older and the GT-R will be their second car.

A few years ago I spent an enjoyable afternoon pushing an earlier model, Skyline, with less sophisticated electronics than the present version around Nissan's private track in Japan as hard as I dared.

I have never driven competitively and motor sport, I confess, leaves me cold. Giving a car that will be bought for road use a thrashing in the alien environment of a racing circuit strikes me as irrelevant and, should it seduce the driver into having ideas above his station, potentially dangerous.

But, having said that, I recall the Skyline taking good care of me in Japan, remaining easily controllable at what, by my

standards, were outrageous cornering speeds.

The Skyline GT-R has a split personality. Only one half of it can be seen on public roads. Seats and suspension are hard; very hard after a couple of hours.

The squat, hugely grippy Bridgestone Potenza tyres roar and rumble. Steering response is instant but the downside is a fidgety nervousness when running on poorly surfaced roads.

At legal speeds it is so untemperamental it even trickles uncomplainingly through villages at 30mph/50kph in fifth gear. But drop into second, floor the accelerator and the GT-R catapults forward like a greyhound released from its trap.

The clutch is fairly heavy, the gearshift precise, the brakes enormously powerful. Driving a GT-R is easy enough. The difficult bit is keeping it blue lights flash and sirens sound.

Another problem is that if one stays dutifully within speed limits, earnings yob in their employer's vans feel bound to overtake and carve you up. They have to prove a GT-R is wasted on you and just made for them.

As a marque, Nissan does not have the aura of Ferrari or Porsche but, beyond argument, the Skyline GT-R is a proper supercar, bargain priced and sold with a three-year/50,000 mile warranty.

What a pity that in this speed-limited world, having one to use solely as a road car makes about as much sense as buying a racehorse to ride around Wimbledon Common on a Sunday morning.

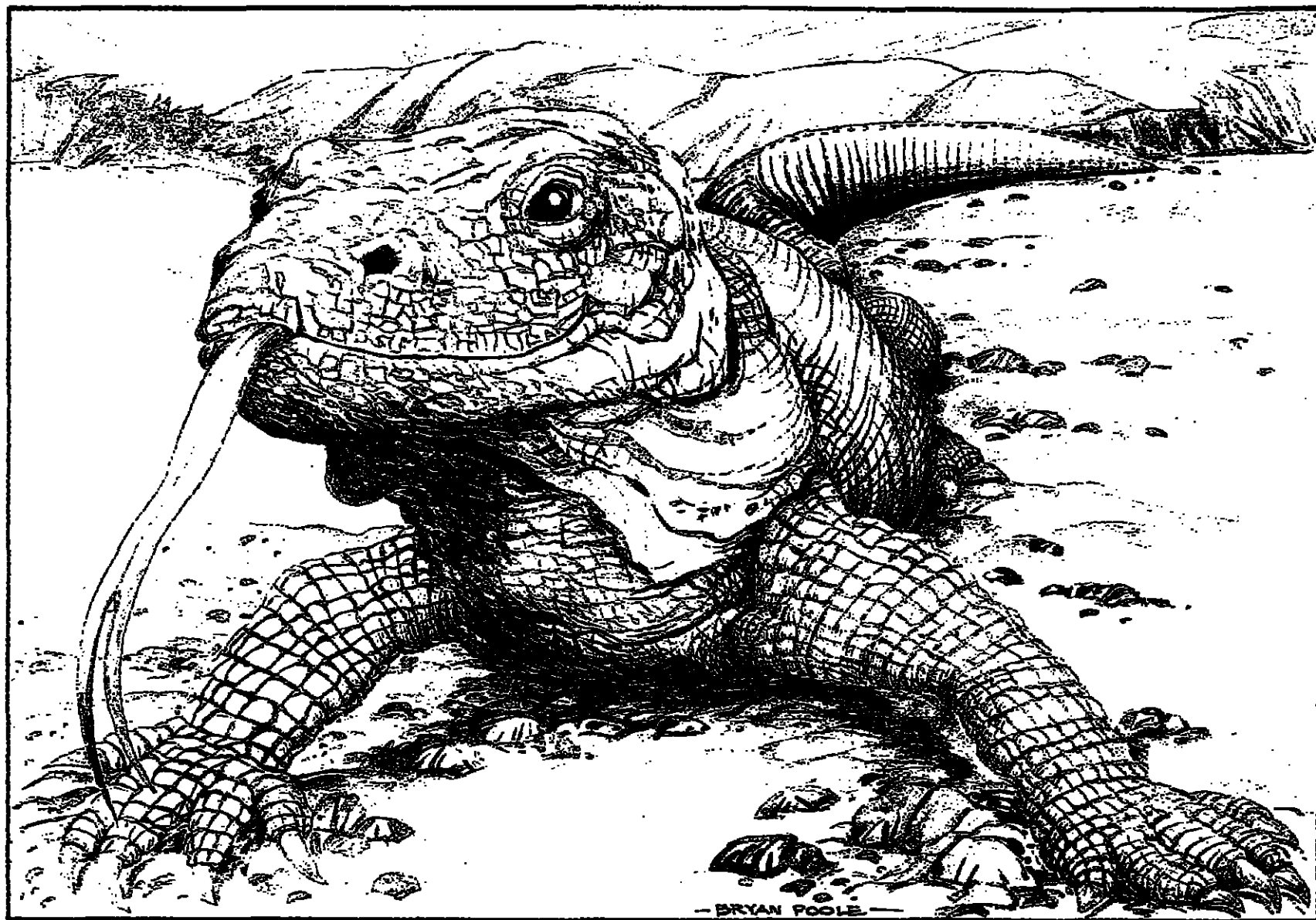
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## TRAVEL



## Indonesia's real-life Jurassic Park

Descendants of the dinosaur are alive and well – as Walter Glaser found out

**M**ore than 9ft long, and looking deceptively docile, the Komodo dragon lay sunning itself on a patch of bare ground. It could have been a scene straight out of *Jurassic Park*.

The shape was that of a huge lizard – of which it is the largest existing species – and the scaly skin looked tough enough to dent an axe. There were scars faintly visible all over the body – probably the legacy of earlier battles with other dragons.

The massive feet, large claws extended on each, were resting loosely in ungainly positions. The only indication that it was not asleep was the open eye. That was following our every move.

"Don't get too close," said our Indonesian guide and park ranger. "These dragons can be quite dangerous. Not long ago they killed a child." The dragon looked sedentary. I wanted pictures of it in action. Perhaps running. And feeding. So I asked the ranger what we could do to get it to move.

With a smile he reached into his shoulder bag and pulled out a large fish so freshly caught that it was still flapping. Holding it by its tail, he threw it to a spot some 50ft from the dragon. I was not prepared for what came next.

Before we had time to focus the beast had taken off like a rocket. Now I could see why naturalists were saying that a Komodo dragon can outrun any human.

The dragon broke to a halt alongside the fish. It took just a split second for it to unhinge its jaw, enabling it to take the whole fish in one swallow. That done and the dragon, known as the ora in Indonesia, now standing surprisingly high on its legs, looked around for more. Its appetite aroused, it moved its head from side to side, making a noise like a balloon being deflated. Eyes glancing, it started to move a long, yellow, forked tongue.

"He uses that tongue like a finely tuned nose," said the ranger in a low voice, keeping a watchful eye out. "That tongue

### Information

□ **GETTING THERE:** Singapore Airlines can fly you to Komodo via Bali. Abercrombie & Kent, Sloane Square House, Holborn Place, London, SW1W 8NS, UK, offer Bali packages that include the luxurious Kupu Kupu Barong Resort and a three- or four-day cruise on the Perintis. Tel reservations: 0171-730 9600; brochure requests: 0171-559 8500; fax: 0171-730 9376.

□ **BEST TIME TO GO:** November to February is rainy season in this area. I recommend May to October, though rainy season in this part of the tropics usually means only two hours of solid rain, mostly between 4pm and 6pm.

□ **TAKE:** A wide-brimmed hat, comfortable casual cotton clothing and walking shoes. Buy plenty of duty-free film when departing. Take about twice as much as you think you will need. This part of the world is tremendously photogenic.

□ **STAY:** When in Bali we recommend three days at Kupu Kupu Barong in Ubud, the inland area where arts such as painting, woodcarving, silver-smithing and other classic Balinese crafts thrive. Then enjoy three or four days at one of Bali's great beach resorts such as The Four Seasons, The Fitz Carlton or the other resorts on the coast.

gives him his sense of smell. And it is deadly accurate."

The dragon kept waving its head from side to side, tongue flicking faster and faster. "He's picked up the scent of the other fish in my bag," whispered the ranger. "There's a wooden platform behind us that the dragon cannot climb. Slowly head for that, and the moment I've thrown the second fish, run for it and get up there quickly. I'll be right behind you."

The dragon had stopped waving its head from side to side and turned directly towards us. He was smelling the fish and associating us with that scent. Had we simply stayed there, the first fish might have been the appetiser, and we the main course.

As we backed off, the ranger quickly reached into his bag and pulled out the second large fish. With a quick under-arm throw he sent it through the air to land to the side of the dragon. Another rocket-like pounce and the second fish was gone. In the meantime, closely followed by the ranger, we were running flat-out for the platform, climbing up its rough stairs just as the dragon, the second fish gone in a gulp, started to follow at rapid pace.

Our hearts were pounding as it reached the steps, but it was not built to climb them.

Instead, it stood at the base of the platform, tongue flicking. From time to time it would hiss and exhale sharply. Its breath smelled like a cross between a Manila garbage dump and a sewage disposal facility.

The dragon waited for half an hour and then, realising that its main course would have to be sourced elsewhere, lumbered into the rough forest that circled the clearing. I could not help thinking of the old nursery rhyme, "He who fights and runs away, lives to fight another day."

We had come to Komodo on a 130ft, 150-tonne motorised sailing yacht, the eight-cabin, 12-crew Perintis, or discoverer, which belongs to the Kupu Kupu Barong Resort in Bali.

Most people know about exotic Bali, and the lucky ones have been there. But I had read about the Komodo dragons at a time when transportation to that island was almost nonexistent.

To sail there in comfort on a motorised yacht, see the dragons in their natural habitat, and snorkel coral reefs that matched anything the Great Barrier Reef

could provide, was an opportunity I could not resist.

That evening, while enjoying a delicious dinner on deck, Captain Herman Hasle, the Norwegian skipper of our yacht, who, married to a Balinese, has been sailing the waters for 16 years, told us more about these dragons. The largest lizard on earth – a giant species of the monitor lizard – they are directly linked to the dinosaur.

Hasle said: "I am sure you have noticed that these animals have very long forked tongues which they not only use for tasting, but also for smelling. They lay eggs, but are cannibalistic. So once hatched, the baby ora climb the first tree they can find, and stay there most of the time."

"Since ora lose their ability to climb trees around the age of six, by which time, being lighter, they can outrun old ora, which only eat other dragons when these are very small anyway. And they have no other serious natural enemies."

Komodo dragons are lightning fast hunters of their prey – water buffalo, deer, wild boar and sometimes even horses. They can outrun a cheetah during a very short sprint. They often bring down their prey by biting through the Achilles tendon, and then eviscerate their victims.

On July 18 1979, Baron Rudolf van Biberge, a Swiss tourist, was killed by dragons, as was another tourist on a different occasion. The gastric juices of the dragon are so powerful that they can dissolve the bones and hoofs

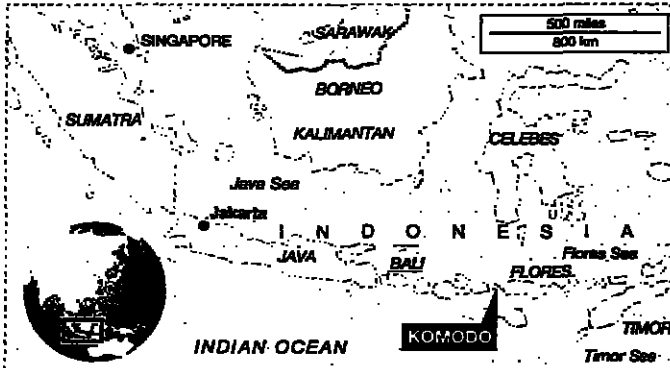
of deer, boar and buffalo. Their jaws are also hinged in the same way as those of large snakes, and they will think nothing of swallowing a 60kg boar in one sitting.

"The ora were nearly on the way to extinction," Hasle continued. "In the 1980s, the numbers had decreased to around 1,500 to 1,800. The government thought of making them a tourist attraction, and so paid locals to breed goats which were then strung up so that the dragons could feed on them, and tourists could take the pictures. In a few years, the ora had almost forgotten how to hunt."

"International zoologists who had been watching the process realised that this was a disaster in the making, and persuaded the government to wear the ora in such a way as to make sure that the dragons would resume hunting."

The good news is that the numbers are growing again. There are now estimated to be more than 3,000 ora on Komodo, about 1,500 on neighbouring Rinca, and some hundreds on eastern Flores.

Dinner was over, and as we sipped our coffee, the moon was rising over the Indian Ocean. Our yacht's bow wave shone like neon, an effect, Hasle told us, of the local plankton that made swimming at night an eerie experience. However, it was not something that we would be likely to try. The ora, who like their distant cousins, salt-water crocodiles, are excellent swimmers, have on occasions been seen way offshore.



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## Eating my way around Australia

A gastronomic tour of Margaret River taxes James Henderson

**U**sually it is France with which I associate the gastronomic steepchase – that delicious, heavy-bellied trawl from restaurant to restaurant, where afternoons are spent chatting and over-eating, and where time and wine telescope you inexplicably from lunch to dinner.

So it came as a surprise in Western Australia, where I found myself moving from table to table, a touch wobbly as each sitting came a little too hard on the heels of the one before.

It was actually in Margaret River, which lies 150 miles to the south of Perth, the tiny bumper that protrudes at the very south-western tip of the continent.

Surrounded by ocean, the area has the easy atmosphere of a seaside resort. Yet Margaret River is also known for its wines, which brings a rather different air. The wineries each have their cellar and a restaurant, making it ideal for a lazy visit, enjoying the tastings and over-indulging in the food.

Margaret River was once a dairy area and you will still see Friesian cows in sumptuous, rolling green pastures hemmed in by woods and hedges. Time was, not so long ago, when it was also known for its caravan parks and surf-bums. But over the last 20 years the place has gentrified. Now it is full of holiday villas and second homes. There are even golf courses. People have come for the lifestyle – they work from home and consult – and there is still a slight Bohemian fringe to the place, even if surfers have given up their combies and become wine-buffs. Artists and craftsmen have come, too, so there are galleries and chi-chi woodwork shops and cottage industries turning out candles, chocolates and confections.

Cape Lodge is a fine base from which to make a tour. Set between a stand of blue gums and a small lake, it has just a few rooms.

The present owner, Joanne Clements, has turned it into a hotel. She arrived five years ago after working in Perth. I used to visit Margaret River as a child and I kept telling people to come down, but I could never recommend anywhere for them to stay. That has improved in the last five years. Certainly Cape Lodge itself is extremely comfortable. The breakfasts there are just too good – filled with croissants followed by a choice of exotic breads topped with locally made preserves.

We set a rule of no more than two vineyards each morning and afternoon. It became a very pleasant routine, driving through stretches of neatly trained vines (almost entirely bare in September) and sauntering into the tasting cellar, running through Chardonnays, Semillons and Sauvignon Blancs and then their Shiraz, Cabernets and Merlots, ending up with a sticky botrytis wine.

Evans and Tate...Vasse Felix...and a stop for lunch – North pastures with Tasmanian smoked salmon, wasabi mayonnaise, fried capers and red pepper essence. At least at lunch there is the chance of drinking at leisure. You can buy a bottle beforehand or you can select a glass to go with your meal as you order it. Afternoon and it was out again – Hay Shed Hill...Cape Mentelle...Already by the end of the first day it was clear that our suitcases would be chinking and grinding with bottles as we headed home.

Dinner was at Driftwood Estate – local rack of lamb crusted with sesame seeds and served with a honey and wattleseed sauce. Some Australian wines seem to

be alarmingly strong. And so, bloated and tipsy, to bed.

Already on the second morning...Cullens...Sandalford...the aromas and tastes were melding into an all too pleasurable but

indistinguishable blend and so it was almost a relief to break the vineyard visits with a side trip to The Gynylgup Gallery. It stands at a lakeside, all slender metalwork and hefty tables carved from local woods, cutlery and carving knives, earrings from blue titanium.

It was another spike to the atmosphere to discover a namesake of mine in the *Dictionary of Western Australian* convicts: James Henderson, No 8890, born in Glasgow. He arrived on the Belgravia in 1864, with a 15-year sentence for

house-breaking and worked as a woodcutter, sawyer, fencer and general labouring teamster.

Next day we had lunch at the Leeuwin Estate, beneath paintings that have become the trademark of their "Art Series" of wines. Over yabbies – outside freshwater prawns – in Asian spices and a very fine 1987 Chardonnay, Denis Horgan, the owner of Leeuwin Estate, explained the comparatively recent development of wine in Margaret River.

They were quite scientific about it. In the 1960s, a survey

By the end of the day, I could bear it no longer. Liverishness was looming. I went for a workout

revealed that conditions were ideal for the cultivation of grapes, similar to Bordeaux, and so three doctors, a mining engineer and an accountant planted and crossed their fingers.

It has done them well. A proudly quoted statistic is that Margaret River produces less than 1 per cent of Australia's wine, but, from that, comes around 20 per cent of Australia's premium wines.

By the end of the day, I could bear it no longer. Liverishness was looming. I lumbered down to the coast for a workout on the sand. The waves, back-lit in the grim, grey light of a cloudy evening, were as dramatic as I have ever seen. The Southern Ocean swell was throwing in 30ft breakers, but an offshore wind was holding against them, suspending them unnaturally and ripping off the crests, sending swirls and spirals of spray 100ft into the air.

I found that the locals talk as lovingly of the waves as they do of their wines.

"Of course, the vintners all keep a surfboard in their Porsches nowadays and it's impossible to get pickers if the waves are up at harvesting time..."

James Henderson travelled to Western Australia on Ansett Airlines' G'Day Pass, which can be booked in the UK in advance of travel to Australia.

■ Margaret River holds a Wine Region Festival with exhibitions, musical performances and tastings of wine and food, at the end of November (tel: 00 61 8 9758 1903).

■ Leeuwin Estate events include its annual concert in February. On February 7 next year, the singer will be Julia Leistas (00 61 8 9430 4099, fax 61 8 9430 5897).

■ The UK Aussie helpline is 0200-561334.

## It is just so nice to be back

Roger Bray enjoys the top value French food which a strong pound can buy

**T**his autumn things are what they used to be in France. With the resurgence of sterling there are bargains again and, at the other end of the scale, a trip to Michelin-starred hotels no longer seems so daunting.

Two contrasting hotels illustrate perfectly how times have changed since those dark days last year, when some unlucky British travellers were getting a miserable FF77 to the pound. One, which would have seemed a bargain even then, now appears absurdly cheap, while in terms of value for money the other, which would have represented a serious indulgence, now wipes the floor with most of its European counterparts.

The Hotel des Sources de la Loue is in the quiet village of Ouhans, not far from Pontarlier and a short hop across the Swiss border from Lausanne. The boeuf bourguignon on the first night was a little tough, but I forgave it

that. The trout on the second was delicious. Trout thereabouts is as likely to be wild as farmed. Starters, cheese board and desserts were all in the solid tradition of French country restaurants. The basic house wine cost FF35 a litre – a price so low it prompted the memory that fixed-price menus once often came with unlimited *vin compris* – but why risk it when a pleasant red reserve du maison was on offer at FF14?

Our room was airy and relatively spacious, with bath and hand-held shower. Breakfast was a modest buffet, with yogurt, local honey, fruit and cheese supplementing bread and croissants. There was a small terrace where you could drink an aperitif

on hot evenings. The bill for dinner, bed and breakfast, excluding drinks, came to FF140 for two, or roughly £25 a head. It is hard to imagine a better deal.

Aux Armes de Champagne is at L'Epinie, a few kilometres east of Chalons-en-Champagne. There is a new young lion in its kitchen but Jean-Paul Perardel, the old patron, still prowls the restaurant, ready to pounce on the tiniest lapse of service. It is an awesome spectacle. If there were a prize for the fastest recovery of a dropped fork, his staff would win hands down.

Gilles Blandin arrived as chef last summer. He is a 33-year-old with a rich stock of experience, and not all of it French. Among the list of famous restaurants

where he has worked is the Oriental in Bangkok. He has also worked in the Louis XV restaurant at Monte Carlo's Hotel de France where I was once warned, seeking merely to peek through the door, that I must do so quietly, for there were people eating. Next he was number two at La Pyramide in Vienna, before taking command at the Hostellerie du Vallon de Valrugues in St Remy de Provence. There was little danger Jean-Paul would lose his Michelin star.

His grandmother founded the Cafe-Restaurant Perardel in 1908. Later it became known as the Rallye de Lorraine, which burned down. The present hotel opened in 1963. It has lovely rooms and a delightful garden at the back

but it is the food you visit for. There is a Menu Saveurs, which changes weekly, with two courses for FF220 and three for FF330. We went for the Menu Convivial at FF480. The seven courses included *longoustines en cappuccino* et *creme de pois gourmands* that had me mopping the plate unashamedly, and sea bream which seemed to have been conjured, rather than cooked. The idea of flavouring strawberries with basil was something which had never occurred to me. They also came with a *fromage blanc sorbet*. The second pudding, a rich fondant of pure dark chocolate and pistachios, was a touch too generous, but that is the slightest of criticisms.

Immediately opposite is the huge, 15th century basilica, Notre-Dame de l'Epinie, the twin spires of which are visible for miles across the rolling plain. Its grotesque and unusually prominent gargoyles seemed to be straining for crumbs from our table.

■ The Hotel des Sources de la Loue (00 33 3 81 69 90 06) is in the Loisirs de France guide. Rooms at Aux Armes de Champagne (00 33 3 26 69 30 30) start at FF320. Breakfast is FF65. A bonus is the Perardel wine shop next door, which offers enormous variety at very competitive prices. When I stayed, champagne selection of the month – provided you bought a half dozen – was FF59 per bottle.









## TRAVEL

## Skiing

# Sainte Foy – a French secret worth sharing

Arnie Wilson is delighted by a relatively new and tiny resort

It is 5.30 am. The alarm clock activates successfully. Our mystery tour starts unmythically. Please proceed to London Heathrow Airport, Terminal 2, we are told. So far so predictable. Our destination: Geneva. Nothing remarkable about that, either. From there we take the well-trodden road to Annecy, Albertville, Montiers and Bourg St Maurice. Yawn.

Val d'Isère again? Or is it Tignes? Oh well – you cannot have too much of a good thing, I suppose. But then comes the big surprise. Blink as you roar up the valley towards L'Esplanade Killy and you might miss it. Indeed, with Val d'Isère only half an hour or so up the road, and Les Arcs just across the valley, why would you want to stop, even if you do happen to notice a tiny, relatively new resort (built in 1990) with a handful of lifts? No wonder Sainte Foy is so little known. But we were about to be introduced.

In truth, there are very few "best-kept secrets" but Sainte Foy could claim to be one of them. Very few, if any, ski areas

wish to remain secret, otherwise, of course, they would quickly face a financial crisis – as indeed has Sainte Foy.

It is the local skiers, not the management who wish such places (Alagna, in Italy's Monte Rosa ski area is another example) to remain their personal secret slopes.

Sainte Foy does, however, have something of a cult following. It is the off-piste, not the pistes, which attracts the cognoscenti. When Val d'Isère is crowded, or high winds shut down too many of its lifts, the sheltered slopes of Sainte Foy provide what the Americans would call "secret caches" of untracked powder, coupled with some exhilarating terrain.

The lifts may be few (just five) but they open up an extraordinary variety of off-piste and tree skiing as well as 800 vertical metres (almost 2,000ft) of groomed runs from the top of the highest lift at 2,930 metres (9,610ft). Advanced skiers can launch themselves off the back with a guide – or, by skiing into Italy via the nearby linked

resorts of La Rosière and La Thuille half an hour away, you can access wonderful helicopter skiing terrain in the vicinity, with skiing up to 3,500 metres (over 11,000ft).

Although helisking is banned

**'We hiked down, ski boots sinking into the spongy meadows'**

within France, there is nothing to stop you taking a helicopter from La Thuille, skiing all day in Italy and rounding off the day by skiing back into France via some of the exciting back-country slopes behind Sainte Foy.

We had some joyful helisking outings last spring, skiing the L'Esplanade de la Betmax with its couloir sans nom, and making endless turns in the Couloir Doudou near Le Ruitor (3,466 metres).

The wildlife was enjoying spring too: we sent two chamois running and disturbed a marmot sunbathing. Later we hiked down, ski boots sinking into the fresh, spongy meadows like carpet slippers, for a simple but delicious al fresco lunch at Chez Marie, a 200-year-old farmhouse in the ancient hamlet of La Mirolle.

In recent years the Ski Company's debonair David Kemp has been attempting to make the skiing menu as appetising as its cuisine, and this year it has acquired a splendid new chalet. The Yellow Stone – so called because its owner, Jean-Claude Tabardel fell in love with Yellowstone National Park during a visit to Wyoming – was completed only last year, in an idyllic location on a rocky outcrop at Sainte Foy.

Although the hamlet, at just over 1,300 metres (3,950ft), is skeletal on infrastructure, it is charming, with sweeping views across the valley. Our room overlooked the magnificent Reserve Naturelle des Hauts de Villaroger, a national park which turns



Sainte Foy, has something of a cult following among skiers

bles down the back of the Les Arcs ski area.

In the unlikely event of your not being exhausted by so much off-piste efforts, there is an exercise machine in the fitness room, as well as a sauna and a six-person Jacuzzi. While you bask in its waters you can admire wonderful views through picture windows overlooking the Upper Tarentaise Valley.

There is a touching story behind the chalet: long ago, Tabardel once employed Nancy,

his American wife, as a nanny. Years after she returned home, Tabardel's first wife unfortunately died. Nancy returned to marry her former boss.

Strangely, Tabardel does not ski. His chalet, however, is temptingly within easy reach of some of the cream of the Tarentaise slopes. As well as the opportunities in its own back yard and at Les Arcs, La Rosière and La Thuille, the hamlet is within easy reach of Val d'Isère, Tignes and La Plagne.

Although Madame Tabardel is an expert chef, and her husband a Mousquetaire d'Armagnac, tonight we shall be at Les Colons, an 18th century building with huge stone colonnades. I wish I could remember what we ate – I know it was delicious. But I was too busy re-counting the endless turns in the Couloir Doudou.

■ *The Ski Company: Abercrombie & Kent, Sloane Square House, Holborn Place, London SW1W 8NS Tel: 0171-730 9600.*

## Where has all the romance gone?

Kevin Pilley is disappointed with Heidelberg's lack of homeliness

Sometimes something as simple as sightseeing can take its toll and make you realise that the human body is not yet equipped to enjoy all the benefits of world travel. This revelation comes to many halfway up the "Holy Mountain" of Heidelberg.

Having been told that it would be madness to visit Heidelberg without walking the Philosophers' Walk, I set out across the River Neckar and climbed my way up to what the brochures described as "Europe's loveliest promenade". Less than halfway there, most of the picnic I had packed had been jettisoned to decrease weight load and assist my ascent up the narrow, twisting, cobbled Schlangenweg.

I was overtaken by mountain bikers and at one point pulled over to let a lady pushing a pram pass me. My lungs screaming for air, my forehead bubbling with exertion and my cardiovascular system in a state of noisy hiatus, I eventually reached level ground and the path running parallel to the river and offering, according to the brochure doggers, "unsurpassable panoramic views of the Old City and Mannheim". It was breathtaking – but for pulmonary rather than aesthetic reasons.

If you are fit and not prone to exercise-related nausea you can walk on up to Helligenberg, join-

ing the dragon cave path (Drachenhöhlenweg) and head for the lentic pond hut (Linsenteichhütte). The easier walk takes in the philosophers' garden, Ziegelhausen monastery and Celtic path. Over the other side of the river is the Königstuhl or king's mount. There is a restaurant and fine views of the Rhine. It is a much easier walk since there is a cable car all the way to the top.

Easier still – and far more sensible – is a walking tour of the old town. Tours begin at the Lions Fountain in University Square and take in the Holy Ghost Church, the students' prison, the castle and apothecary museum as well as the palatine museum which houses the fossilised jawbone of 50,000-year-old Heidelberg man, unearthed in 1907.

Heidelberg is very busy. In the summer it is one big picnic bottle-neck and walking tour. The river trips or "shuffles" up the Neckar Valley to Neckarsteinach, past Neuberg Monastery and Fort Dilsberg, are packed and uncomfortable. The centre of town is now a pedestrian zone, which means it is full of shops and shoppers.

Heidelberg proclaims itself as a romantic city but it is difficult to be romantic when you are sharing the moment with hundreds of



The castle at Heidelberg: a walking tour of the old town is a must

others. Perhaps the quietest spot is the Schlossblick River Restaurant where you can carbo-load for your walk up the Philosophenweg or the precipitous Bismarckstufenweg and enjoy a grandstand view of the rowing regattas which are held most weekends.

The famous university was founded in 1386 and Heidelberg still has 30,000 students. Most seem to stay to work in their vacations.

The busiest and most congested time, when you cannot

move for conventioners, incentive travellers and special interest groups, is between the end of July and August when the Castle Festival is staged.

This year it featured performances of Sigmund Romberg's old romance *The Student Prince*, Dvorak's *Rusalka* and Schubert's *Death of a Hero*. There is an annual Brahms festival in spring. One day is enough in Heidelberg, and excursions to Worms, the Odenwald forest and the German wine road are recommended. You can

even have a hair-raising driving lesson at the track at Hockenheim.

The best places to eat in town are cafes and student pubs. You can enter a crossbow tournament in the vaults under the Zum Goldenen Schaf. Hearty specialties include Heidelberg Storchener and Satan's Roast. The menu also offers potato pancakes "for those who renounce animal protein".

Other good restaurants are the Hotel Zum Ritter in the town

square. Do not go to the Kurpfälzisches museum on Hauptstrasse. The service was terrible and I was unhappy with the food. The best Weinstube or wine bars are Zum Backofen and Schmitzbank.

Characterful student bars include the Schnockeloch, and Zum Seppel, which was built in 1634. It now boasts a collection of signs and is still a regular meeting place for students of the "Ruperta Carola".

Cave 54 is Germany's oldest

student jazz club. Famous graduates include Bismarck, Liebniz, Bunsen and Brahms. Somerset Maugham studied medicine at Heidelberg and might well have sung "Es Gibt Nur Einen Seppel" in the days when Heidelberg was not a versatile conference venue or full of management schools and the home of the unromantically named European Institute for Research and Strategic Studies in Telecommunications. Sadly, Heidelberg is not *gemütlich* or homely any more.

## City break

## Ugly, but surprisingly pleasing

Barbara Jeffery visits Thessaloniki, this year's cultural capital of Europe

Thessaloniki likes to call itself the capital of the Balkans; this year it is also the cultural capital of Europe. Yet it remains little known.

"Athens is like an ugly woman with great charm," said Melina Mercouri, the late Greek minister of culture. "When you meet her, she captivates you." This is even more true of Thessaloniki, capital of Macedonia, on Greece's northern mainland. There is little to show this was part of the kingdom of Philip II and his son, Alexander the Great, 400 years before Christ. Five hundred years of Turkish rule, the great fire of 1917, the second world war and the earthquake of 1978 leave a modern city composed of streets of dreary greyish blocks of flats.

It rained on four of the five days I spent there in late spring – never happened before, they said – even so, it was a surprisingly pleasing place to be. The grey streets become tunnels of green when the chestnuts sprout, there are wide open public spaces planted with pink and white larkspur, lavender and roses. But what I think makes this the second city of Greece, with a population of 1m, so enjoyable, is that you can see out of it.

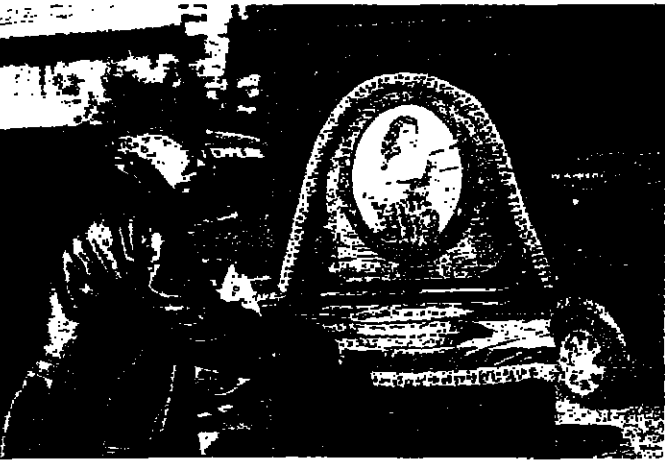
Thessaloniki is built in a narrow ribbon along the bay at the top of the Thessalonian Gulf so as you walk along Tsimiski, the main shopping street, you can see the sea on one side and the open hills on the other; it gives

the city a very manageable feeling.

It is a business city with a trade fair in September and a hectic conference business. It is the economic centre of the Balkans with important textile, asbestos, chrome and bauxite industries and, since the end of the cold war, the city has been the conduit for European investment in Bulgaria and Romania. It is a sophisticated city with the highest income per head in the country so there are chic shops and a seafood lined with smart cafes where the young like to while away the afternoon with a cup of iced coffee.

Thessaloniki does not look for holiday trade; that is for the lovely beaches of the Halkidiki peninsula, an hour's drive away, but it's well worth adding a couple of days to the end of your holiday or spending a long weekend in spring or autumn.

You can see the main sights on foot in a day. There is a Roman market, a Roman brick rotunda which is Europe's largest circular building and became a mosque under the Turks (the minaret is still there), then a church. It has



Thessaloniki: see its main sights on foot in a day

Jacques du Sordet

been restored for the year of culture, as has the Arch of Galerius, built to mark victory over the Persians in 297 AD.

A museum of Byzantine culture has been built to house an exhibition of the treasures of Mount Athos. Mount Athos is the third prong of the trident-shaped Halkidiki peninsula, home of 20 Orthodox monasteries more than 1,000 years old.

The holy mountain bans women and female animals and it is also difficult for men to get permission to visit. This is the first time its collection of icons and manuscripts has been shown in public.

The tomb of Philip II at Vergina, an hour and a half's drive to the west of the city, one of the world's most important archaeological finds, has been open to

the public for three years. The entrance to the tomb is now impressively arranged for visitors. A marble-lined cutting leads into a large star-shaped hall, then you pass through a pair of bronze doors and down two flights of wooden steps to the illuminated tomb.

The tomb is one storey high, surmounted by a triangular pediment and with a huge doorway flanked by two fluted columns; above this there is a frieze showing a barely discernible hunting scene. You can just about make out a bearded man, thought to be Philip, and a man in pink holding a spear who is thought to be Alexander. Mineral colours were used for the frieze and they have faded since the tomb was discovered. It will not be restored but a copy is to be made and exhibited in the hall outside. Marble was used only for the door and its frame; the rest is stone painted to look like marble.

When Manolis Andronikos, professor of archaeology at the University of Thessaloniki, found the tomb in 1977, he could not believe his luck since most ancient tombs have been looted.

The professor and his excavators were astonished to find everything as it was when Philip was buried – buried rather hurriedly because he was murdered at his daughter's wedding so there was no time to design an elaborate interior.

The contents were amazing: a gold chest decorated with the star of Macedonia that probably contained Philip's bones; silver vases, bronze vessels, ivory figures, gilded bronze leg armour, a huge gold and ivory shield. Best of all was the wreath made of golden oak leaves, fine as in real life, with acorns fluttering on delicate wire stems.

All this is now in the archaeological museum of Thessaloniki, with the contents of two more tombs on the site. As a home for such magnificence, the museum is curiously unimpressive; it is a plain single-storey building that looks contemporary and prefabricated.

I walked up the hill to the old town, enclosed by well-restored ramparts, and had lunch in a taverna on the edge of the cliff looking down over the town to the sea: standard Greek restau-

rant food – pork chops, souvlaki, tsatziki, Greek salad, red mullet. Then I strolled through the afternoon, silent as only a Greek afternoon can be, up the craggy paved stepped streets scented with orange blossom and honeysuckle, past cottages painted blue, green and turquoise. It is like Montmartre-on-Sea; it would be the artists' quarter if it were not so genteel. Perhaps it once was.

Down in the town they have cleaned up the old red light district round the market and smart little restaurants and bouzouki bars are opening. Look out for the haberdashers' market with its many-domed Turkish-style roof. It is made up of lots of open-front rooms, each with its speciality. One was stacked from floor to ceiling with zips in every size and colour. Another sells nothing but lace edgings, another ribbons, and one more, furnishing fringes. The arcade market streets lead off, displaying bizarre mixtures: strings of sausages hang next to loafahs, pigs' heads next to big glass boxes of crystallised fruits, bunches of wild herbs next to bouquets of artificial flowers. I hope they never clean it up.

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## PROPERTY

# Team up with a farmer for a country home

Sally Smith meets a couple who spotted their dream house in the agricultural pages and found themselves part of a consortium buying 350 acres

Browsing through the agricultural section of her local newspaper, Sue Greaves found just the house she had been looking for - within weeks, she and her husband Jon were part of a consortium engaged in buying a 350-acre farm in Essex.

The acquisition of their new home illustrates an unusual, but effective buying approach and highlights the opportunities which exist within the farm market for house purchasers.

The possibilities arise because many farmers want to buy land but not dwellings. This means that houses and cottages are often available when farms are sold, but housebuyers do not necessarily learn about them.

It is always worth approaching an agency selling a farm whether the house is being offered separately or not, and there is an even better chance of getting a house if you buy as part of a syndicate.

Acting in consort with a farmer also places buyers in a stronger position to negotiate matters such as access and disturbance limitation than those who go it alone. Having sold their family home near Great Dunmow in Essex, the Greaves were living in a rented cottage while they looked for a house in the locality. They had registered their requirements with a number of selling agents, but would never have discovered that the house was for sale if they had confined themselves to the residential property lists.

"The advert was for Goodfellow's Farm at Tilly, a 350-acre holding available either as a whole or in up to eight lots, one of which was the house with six acres," said Jon Greaves. "But it was not advertised separately as a house."

The farm was originally a larger holding which had been bought by a developer. He was retaining the main house and 100 acres and was selling the rest, having renovated and modernised what was to become the Greaves' new home.

A recent amalgamation of two periods, timber-framed cottages, it lies among undulating arable fields and offered the Greaves all they wanted - privacy, a period house with spacious rooms which would be easy to run and a garden they could design for minimal maintenance.

They viewed and registered their interest, but, as is often the way with farm sales, matters were complicated. Offers were to be made as sealed bids and with slight different lots the farm could have been sold in any of a host of combinations. It was then that they were approached by Tim Fagan of Strutt and Parker, representing two neighbouring

farmers who wanted the land; he was looking for someone to take the house.

Savills, the selling agents, had put him in touch with the Greaves and he suggested the three clients buy Goodfellow's as a consortium.

"Farms are frequently let up so that they will appeal to as wide a range of buyers as possible," he explained. "But understandably, owners are reluctant to tie up a deal for part of their property without being sure that they can sell the rest."

"Even when they have buyers for all of the lots, they worry that one might pull out, so frequently they accept one clean offer, even if it is less than they might get by selling to several different people."

The Greaves, by now very keen to buy the house, were also concerned that if the farm sold as a whole they would lose out.

"We had never thought of buying as a consortium, we didn't know that you could," said Jon. "But we quickly realised that it made sense."

"Fortunately, having sold our house we were cash buyers. This is important because each member of a consortium has to know that the others are in a position to buy. I am not sure that we would have been able to do this if we had a house still to sell to raise the necessary cash."

The farm was valued and each of the three was advised of the level of offer needed to secure their portion. Desire did not cloud judgment, however; each was adamant that there was a limit to be kept to, even if



it meant losing the farm.

Armed with a financial statement for each buyer as proof, and also offering the simplicity of one contract and one solicitor, Fagan made the bid and secured the deal.

Christopher Rowley of Savills acknowledges that the farm would have sold "for slightly more if we had accepted the highest bid for each of the lots. But it would have taken much more negotiating and longer to exchange. We might also have been left with some of the poorer land. My client opted for a simple deal that would complete quickly."

Fagan added: "Trust between the syndicate members is, of course, vital. But

as it is in each one's interest to achieve the purchase, quite disparate people can, and do, work together."

In North Yorkshire, Carter Jonas matched up similar buyers for a 280-acre arable and stock farm, but in this case two farmers bought the whole farm and sold the house on in a back-to-back arrangement, in which contracts were exchanged simultaneously.

"The farm had been on the market for some time and the owners were reluctant to deal with two separate parties, let alone three, which was one of the reasons why we did it this way," explains Giles Bilton of Carter Jonas.

"We weren't absolutely certain that the house buyer

we chose would stick to the deal, but he had offered the best price and so we went ahead, prepared to re-market the house later if necessary. In fact, it all went through perfectly."

With each of these deals, the farmers were getting additional land, rather than a complete new farm, so their core operations were located away from the houses involved.

This meant there was less potential for agricultural disturbance, always a concern for those living on or near a farm. But another bonus of their consortium deals was their ability to iron out any possible areas of conflict in advance.

At Goodfellow's, the

Greaves have retained the freehold of the drive to which one of the farmers was given access. The farmer would have preferred to own the freehold in case his heavy agricultural plant damaged it and caused complaints. "But we came to an understanding," said Jon.

Adrian Wilson of Bidwells, who specialises in buying farms, advises that such matters are sorted early on, however amicable the partners are at the time of sale. "You have to think of the years to come - new owners, a son taking over, perhaps a change of farming policy. Agreements at the outset can save off future difficulties."

"It is also as well, if possible, to buy the farm buildings along with the house to prevent them from being used for, say, intensive livestock or to be let to a third party for light industrial use or some other enterprise which you would not want next door."

"Ensure, too, that you get a reasonable acreage to act as a cordon sanitaire. A farmer will not be too concerned if you take a small parcel of land - but it can make a very big difference to your tranquillity."

And don't forget rights of access to the farm that surrounds you. It would be frustrating to discover later that you cannot ride across the fields or walk in the nearby woods.

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PROPERTY / OUTDOORS



My Other House Is...

# Just part of the scenery

Sophie Grigson tells Anne Spackman how she came to own a cave

**S**ophie Grigson's grandparents gave her mother £500 as a sort of wedding present. She bought a cave. Grigson's grandparents were horrified when they found the money had gone into a hole in a rock with no running water. But the family has grown used to it. Grigson explains: "I've grown up with it, so I think of it as quite a normal dwelling. It's the place where I have my strongest feeling of roots."

"Our cave is in a place called Trôo in the Loir Valley in France. It's a very beautiful, unusual village, built half-way up a hill in what were medieval stone quarries. Some have been inhabited for hundreds of years. "There are roads at the top and bottom of the village but most of it is little lanes, paths and stairways, with lots of wild ferns. It is a place where things are done on foot. You can't get a car up to our front door. "Ours is a tidy cave. The kitchen is really a big fireplace, separated from the small bedroom by a curtain. I remember as a child lying in the dark vaulted room, listening to my parents and their friends chatting by paraffin lamp or

candlelight, as I drifted off to sleep. If anyone snored, it was terrible. It echoed around the walls. "The loo had a china pedestal, but when you lifted the lid there was just a saucer inside. Now we have a proper shower, loo - and bidet - and I have just installed central heating. My biggest fantasy is to live there full-time. "The great thing about a cave is that it stays the same temperature all year round - just the right temperature for storing wine. In the middle of the summer, when it's very hot outside, you open the front door

and retreat into the wonderful cool air at the back. It does get a bit damp in very hot weather, so you have to put the bedding outside in the sun to air. In the winter you light a fire and the rock slowly heats up. It becomes quite snug. "There is a certain fluidity to the design, as the rooms run with the shape of the cave walls. In the larger, traditional caves they have a main living room with a kitchen area and the bedrooms are in alcoves with proper fitted carpets. "In the evenings I take my children, Florence and Sydney,

for a walk. It's a very gentle place, very welcoming. They have just reopened the village school, which I went to briefly as a child. I would love to see my children trot along there one day. "I adore the drive through France. There is a sign which says La Vallée du Loir, which brings a tear to my eye. Then there is a moment when you come up the hill and see the point of the church spire above the wheat fields and you know you are almost there. "What is special about the cave is the fact that it is an inextricable part of the landscape. It cannot be taken away. It gives you a sense of being part of the natural environment, unlike a house, which is there to cut you off from the outside world. "If our work dried up, we say we would sell up and move to Trôo. I hope to keep it in our family for ever."

## Make room for a local to keep the village alive

Gerald Cadogan looks at the difficult balancing act required to maintain a healthy rural community

**B**uyers, be careful, if you are hunting for a cottage by the green as a weekend retreat. You could be adding another nail to a village's coffin.

A surfeit of weekenders and holiday home-owners often blights community life in rural areas. "Incomers do not give business to the local shops," is a typical complaint.

At the same time, they can drive up the price of property and leave nothing that the locals can afford, especially young first-time buyers. In an extreme case, villagers move out and are replaced by part-time occupants. The village withers.

It makes sense to take a keen look at the life and viability of the village before making an offer on the cottage of your dreams. What happens from Monday to Friday? Does it function as an economic unit? Or is it one where the houses have lost their traditional roles in the community? A clue is the number of houses called The (or Ye) Old Bakery, the Old Post Office, Old Forge, or Old Schoolhouse, now the nests of weekenders, as has happened in several villages in the Cotswolds.

But choose the right village, and any urban income can have a rich and satisfying time as part of the community.

Weekend blight is a patchy disease. One village at the north end of the M40 corridor (north Oxfordshire/south Northamptonshire) has no shop, a struggling pub and no cottages for sale at under £100,000. This is partly because the owner of the big house has bought them to let them out (at levels many locals cannot afford).

Yet it is a pretty village, with streets arranged on a H-pattern, and it has a green. But village events work only on Friday and Saturday and the millennium committee has to meet on Sundays. It is a day on which the locals would prefer not to hold meetings but they must try to involve the incomers.

The village across the valley thrives. It is not pretty and mostly strung out along one road. But it still has its village shop cum post office and the

butcher makes his own sausages, delivering meat, foods and household goods around the neighbourhood.

The pub in this village is bustling on Saturday nights and the school takes children from all the villages around. It is listed as one of the country's top primary schools. A nursing home in one of the former big houses provides employment. To top it all, the village has won the county's "best kept churchyard" competition for the past three years.

This village succeeds, partly because weekenders are heavily outnumbered, and partly because it has the area school. But the biggest boost is a varied group of 31 self-employed people working or running businesses.

Almost invisible, as most do not put up signs, they include a blacksmith, silversmith, potter and a stained glass worker, writer,

lem is to find easy, ground-floor living, where they can continue to buy from the butcher's travelling van twice a week. The butcher, who sells £100 of cakes a week, notes that most of his customers are what he calls "old-style villagers", who bring their dogs looking for a bone.

If there is a need to produce affordable housing, it is hard to know where to put it. Most village plans have tightly drawn boundaries - the village envelope - to determine where it is possible to build.

In another village in the M40 corridor, the parish council saw a need for affordable homes and arranged for a housing association to build four houses and two bungalows inside the village envelope, although "four bungalows for the old and two houses would have been much better", says a long-time resident.

"The trouble was," he adds, "it took so long [five years] to get planning permission, that the original applicants had died by the time they were built."

For social housing, a parish council must be sure there is a genuine local need, and check the local credentials of applicants. One of the houses has just gone to a young couple from the village - exactly as intended.

But another was used for a time by a family that no longer looked to be in need of social housing once they were seen taking their three children to the local prep school every day.

There is no ideal model for a village. But to keep them in good health, care must be taken to safeguard the interests of locals, while maintaining a population that can sustain community facilities. The right judgments are hard to reach.

But the government's readiness to let local authorities spend the money they receive from selling council houses should help them build more housing that local people can afford.

And landowners in a withering village should look around and see if they have a parcel of land they could sell for affordable housing. Making room for a home that a local could afford might tip the balance between a lively village and a dead one.

### Landowners in a withering village should see if they have land they could sell

ers, an accountant, two bed and breakfast businesses and a set of holiday cottages, as well as the nursing home and the farmers. Behind the cottage curtains, these are the resources that keep a village alive.

But it is still hard for the young to find affordable accommodation when it is time to leave the nest. Of the 183 housing units in the parish (which includes outlying farms), only 11 are available to let. And there is hardly anything to buy.

Young country people tend to take off later than their town contemporaries, and achieve adult independence later, notes a recent report on "Young people and housing", prepared by the Centre for Housing Policy at the University of York for the Rural Development Commission. But they still require affordable housing when they do leave home. For elderly villagers, the prob-



In tip-top shape: South Luffenham Hall in Rutland, built around 1670

### On the Move

## Tell-tale sign of a 'long house'

Gerald Cadogan on how to spot a traditional west country design

**L**ong houses are a tradition of England's West Country, but length is perhaps their least important attribute, according to Peter Child, historic buildings officer of Devon county council.

The important feature is that they are the width of a single room and once housed animals at one end and humans at the other. When converted, however, it is difficult to tell if they really were long houses, whatever the estate agents claim.

The tell-tale signs - if they survive - are slit windows at what would have been the animals' end, which was called the shippon, says Child. There would also have been a drain to remove the ordure.

Two houses claimed to be long houses are on the market. Shatrick House in Broadway near Ilminster in Somerset is Elizabethan, listed grade II, and now divided into a main house and an adjoining cottage. With a large inglenook fireplace and an old cottage garden, it is priced at £245,000 from Peter Radice in Taunton (01823-327111) or John D Wood in Winchester (01962-863131).

Another putative long house is in north Devon, at Swimbridge near Barnstaple, and also listed grade II. In pink plaster, with a thatched roof, it also has a converted barn and other outbuildings. The price for what looks a



Needing a full restoration: Naas House, price £250,000

correctly long-and-narrow "long house" is £385,000 from Constables in Exeter (01392-411812).

### Ideal retreat

Wood Cottage at Farleigh Hungerford, near Trowbridge and south-east of Bath, is an isolated gamekeeper's cottage on the edge of 75.5 acres of woods, with 4.5 acres around the house. The land is also for sale.

The house needs some work but would make an ideal retreat for those who do not wish any village involvement at all, at the end of a drive and well off the public roads. Its other attraction should be tax-free income from

the trees. Humberts in Tetbury (01666-602284) asks for £325,000 for the whole.

### 17th century homes

Two unusual 17th century houses have come to market. One is a challenge, the other would be easy to move into tomorrow.

William Jones, founder of the Haberdashers' Company, built Naas House at Lydney in Gloucestershire in 1625 in the reign of Charles I.

It stayed in his family until 1920, and is now for sale at £250,000 needing a full restoration (a grant from English Heritage may be available).

The house is an unusual blend of the old and new of its time. The central cupola, with a roof-level walk round its base for the views over the Severn estuary, looks forward to Wren, while the triple gables on the front point to an older tradition, and the Tudor west wing is a century older than the main house.

Naas, if not so large as it appears, offers a remarkable opportunity for someone who wants to resurrect a historic house. The agent is John D Wood in Cirencester (01285-642244).

The other house, South Luffenham Hall in Rutland, is half a century younger (built around 1670 in the reign of Charles II) and is a gem of early neoclassical architecture, set high off the ground.

It looks in tip-top shape, which must have some bearing on the price of £1.2m from Savills in Stamford (01780-766222).

### Price rises

Outside London and south-east England, which show the biggest price increases, the fastest rising areas have been East Anglia, the South West and the West Midlands, says the latest Halifax regional house price index.

East Anglia and the South West show rises of 7.6 and 7.3 per cent year on year, although they were small - at 0.7 and 0.2 per cent - in the third quarter.

Gardening / Robin Lane Fox

## Added value from berries and leaves

**E**ngland is enjoying a most unusual year for autumn colour, though this week-end should start to see the best of it. The warm weather in mid-October delayed the changes in the sugars sealed off in the leaves of trees and shrubs. These cold, clear days have at last set the process in motion.

A late season is an encouragement to look closely and note the variations which escape us when everything happens at once.

Tree planning is one of the most testing aspects of modern gardening. Trees have to be given the benefit of a few seasons' doubt before they

are judged to be losers. And although everyone wants to prolong the seasons, nobody wants a false start when we all want gardens faster than ever. Autumn sharpens our eyes and teaches us to discriminate.

It is most noticeable how particular families have individual members which colour at widely different times. You may think of thorn and rowan going out in a blaze, but if you watch and choose carefully, you can extend the blaze across nearly two months by choosing the best particular forms.

These dry summers have reinforced my fondness for a neglected tough form of rowan, the accommodating Sorbus Americana. Berries of brilliant scarlet appear in September, not so early that you feel unsettled before August has finished.

The leaves turn a brilliant red-orange in early October and this year made their statement before the warm weather slowed down the process. This under-valued

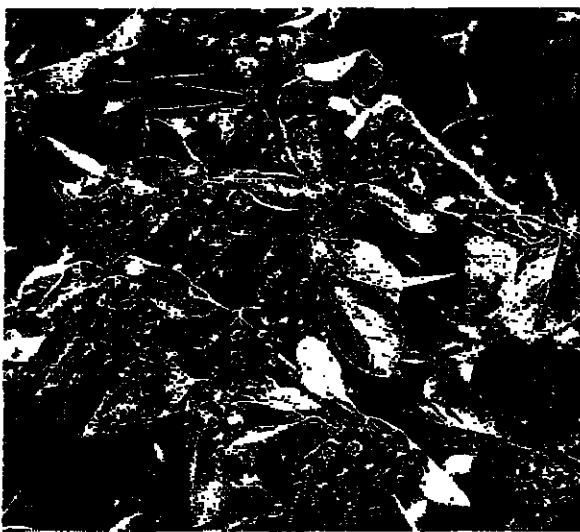
tree is upright, extremely tough and able to live with the reach of my dreaded cypress on soil that is more stone than goodness.

It is being followed only now by the easiest of the refined varieties with pink and white berries and finely cut leaves.

Sorbus vilmorinii is a superb tree, one of the top choices for any garden which wants pretty leaf, berries and a brilliant late autumn. This weekend when its American relation has vanished, Sorbus vilmorinii is at last turning its vivid shade of purple-red.

Thorns spin out the season even further. My two favourites are Crataegus pruinifolia and laevifolia. The first of these forms has already turned a brilliant mixture of orange and scarlet on its sweeping branches which were previously well furnished with polished dark green leaves.

It has struggled in the dry summers, but it is almost



Crataegus Pruinifolia: brilliant scarlet and orange. Garden Picture Library

indestructible and makes a splendid specimen for anyone who needs a shape broader than tall.

Its relation, laevifolia, moves at a very different pace. I value it for the shiny evergreen leaves which last well into November, taking the

prepare to fall, they turn a brilliant shade of scarlet, quite different from the foliage relation in the family.

The cherry family are universal favourites for their spring flowers. We tend to behave as if they were two-week wonders, which then linger on looking past their best for the rest of the summer. In fact, autumn colouring varies widely in this group, too, coinciding in some cases with a happy marriage of spring flowers and brilliant leaves. Among the bigger forms, my Prunus yedoensis has the most elegant tinting of yellow and red together - thereby doubling the value of this wide-spreading cherry with single white flowers which look as though they have stepped out of a Japanese painting.

The upright Umineko is no stranger to this column because it has such a useful shape, cheerful fresh leaves of a good green and festoons of single white flowers quite early in spring. It also has

an excellent flush of gold and red when it is on the way out. To my eye, it is the best of the spring-flowering cherries at combining all three aspects of beauty.

On a much larger and wider scale, the Great White Cherry runs it very close. This one is the famous Taihaku, which was believed by experts to have been lost since the great days of Japanese landscape painting. Its rediscovery this century restored to us a strong, wide-headed tree which certainly not be jammed up against neighbours in a narrow avenue.

The young leaves in spring are a rich red-brown which looks a bit much if used too freely in English hedges or plantations. Its proper home is in less formal parts of the garden where its enormous snow white flowers hang in clusters from the pink buds in April. As I write, it is turning to a brilliant yellow and orange, adding a second season to its spring glory. Gardeners sometimes con-

sider autumn colour as too fleeting and specialise for anywhere except a large park. By mixing members of the same family which colour in sequence, the fleeting effect can be overcome. By picking a tree for its flower and keeping its autumn show in mind, gardeners can double up their return and keep up with the devotees of roses who plant so many of this one family on the grounds that, of all shrubs, they are the ones which flower twice.

Not that I have a crusade against rose-growers or want to leave them out of the act. Autumn colour is as vivid on a shrub as on any tree and if I had to pick one flowering shrub which is most spectacular after the long season of flowers, it would have to be the sweet-scented white rugosa rose, the Blanc Double de Coubert. Mass plantings on roadsides is sometimes felt to have dulled the impact of this marvellous performer.

If I ever feel that we are having too much of this one good thing, I look at it again at this time of year and forgive it its popularity. When it goes out in style, a mass of bright yellow leaves rounds off its summer of continuous beauty.

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## SPORT

## Sporting Profile

# A striker both on and off the field

Soccer player Edmundo has a battle to win before he can conquer the world, writes Timothy Vickery

When Brazil won the World Cup in 1970, all of its players were with Brazilian clubs. Of the starting line-up for the 1994 final, only three were based at home, and it is sure to be a similar story in France next year.

The Brazilian game has suffered from a huge exodus of its big names, but in compensation there is one star who hits enough headlines for a whole team.

Controversy has always marked Edmundo closer than any centre back. The 26-year-old striker combines enormous talent with a glaring lack of self-control that has won him the nickname of "the Animal". So cunning that he could find space on a crowded freeway, so skilful that he could dribble blindfold round the traffic cones, the slightest provocation is enough for him to erupt into road rage. Indeed, he is facing prosecution for his part in a fatal car crash in 1995.

Last year Edmundo returned to Rio to rejoin his original club, Vasco da Gama. In between, there were spells with three other top Brazilian teams, Palmeiras, Flamengo and Corinthians, all of which found him too hot to handle. In 1995, he set off a diplomatic incident when he was sent off while playing in Ecuador for Palmeiras. As he stormed off the field his progress was obstructed by a cameraman. The red mist descended and Edmundo attacked. The camera fell to the ground, perfectly framing the deranged face of the Animal as he repeatedly kicked his prostrate victim. Edmundo was placed under "hotel arrest", and it took considerable effort by the Brazilian ambassador to get him out.

The constant disciplinary

problems he has created caused one journalist to compare Edmundo to a flashy but unreliable sports car that only gives its owner two moments of pleasure – one when he buys it, the other when he sells. Last year, I was on Brazilian TV with Vasco coach Antonio Lopes. The club was thoroughly sick of Edmundo, said Lopes off screen. He tried to do everything himself and he swore at the young players and inhibited their development. Vasco would be happy to offload him.

Lopes is doubtless now telling a different story. Edmundo is the top scorer in the Brazilian championship and is playing the best football of his career. He struck twice more last weekend to take his total for the season to 22, only six short of the best

**The referee failed to see Edmundo punch a Bolivian off the ball**

ever in a season, and put Vasco at the top of the table. When the championship ends next month, he seems set to join Italian giants Fiorentina, who were either brave or foolhardy enough to offer \$7m for him. But Vasco seems keen on keeping him at least for a few more months.

Edmundo is not discussing either his destination or his golden phase with the Brazilian media. He has decided not to talk to journalists, a revolutionary move in a country where players are accustomed to having a microphone thrust under their nose on every possible occasion.

The silence of the Animal dates back to a racism row which he recently stirred up in Brazil's north-east, a region of widespread poverty divided into many small states, one of which is Paraíba. Many people from the area migrated south in search of a better life. In Rio, thousands of north-easterners work as maids and porters, and "Paraíba" is commonly used as a blanket term of abuse for them.

Edmundo was sent off against a team called America (from the north-eastern state of Rio Grande do Norte) by a referee from nearby Ceará. As he fumed his way off the field, he told journalists that his unjust expulsion was only to be expected from a game where both the referee and opposition were "Paraíba". It was a dream opportunity for populist politicians of the north-east, and numerous racism suits were filed.

Edmundo responded by letting his football do the talking, and the Dumb Animal strategy seems to be paying off. Last month, Brazil played Morocco in the northern state of Para. The world champions struggled for long periods, and had to wait until the last 10 minutes for their two goals. The supporters spent much of the game calling for Edmundo's recall.

The Animal has not played for the national team since he showed his teeth in the final of the Copa America last July. In that game, the referee failed to see Edmundo punch a Bolivian off the ball, but Brazil coach Zagallo did not, and immediately substituted his wayward striker. Edmundo's name has not appeared in subsequent Brazil squads, and Zagallo has even suggested he seek psychological help.

It seems though that the international exile may be

coming to a close. Zagallo is set to announce the list of home-based players to face Wales in Brasilia on November 11. The foreign-based stars have already been called up, and since Rivaldo of Barcelona is the only attacker, there would be an enormous outcry if Zagallo overlooked the claims of Edmundo once more.

So the veteran coach will try to play Doctor Dolittle with the Animal, and there is an excellent chance that Edmundo can add to his 28 caps and eight goals (which include Brazil's last in the 3-1 win over England at Wembley in June 1995).

He could hardly hope for more promising opposition. The Welsh defence is in appalling form – they

conceded 10 goals in their two World Cup qualifying ties with Holland – and the tropical heat is unlikely to strengthen their resolve.

The match against Wales may at first glance appear to be an insignificant friendly, but for Edmundo, should he receive the call, there is a great deal at stake.

After Romario's successful return to the national team

last February, his partnership with Ronaldo was seen as the cutting edge that would lead Brazil to victory in next year's World Cup. But Zagallo was unhappy with their lack of movement off the ball during the Copa America.

The manager fell out with Romario, and the controversial Valencia striker is still out of favour.

Now Zagallo could be about to hand Edmundo the chance to establish himself as Ronaldo's partner in the team for France 98.

But he cannot afford to misbehave again. The Animal must show that he has been tamed. If Edmundo wants to conquer the world then he must first win the battle with his own temperament.



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## The Australian Way

# Far ahead down under

Huw Richards considers why this nation is so spoilt for talent

Overwhelming. Possibly overconfident. Unquestionably over here. Australia face Great Britain in the first rugby league test at Wembley today as the shortest priced favourites to hit these shores since the Vikings a millennium or so back.

In two weeks' time, Australia's rugby union XV will face England, much the strongest of the home nations, at Twickenham. They'll fancy their chances after winning six out of eight meetings in the past decade – most recently last July and most significantly the 1991 World Cup final at Twickenham.

Everywhere you look there are Australian sportsmen and women winning. The cricket team have seen off all comers in the last couple of years. Their hockey teams, men and women, are among the best in the world. When a Briton finally reached a Grand Slam tennis final it was an Australian, Pat Rafter, who beat him.

In football, the largest nations generally prevail. That Argentina, Brazil, Italy and Germany, the largest countries in Latin America and western Europe, should have monopolised the World Cup is no coincidence. Smaller nations can dominate in specific sports – New Zealand rugby union, Swedish tennis, Kenyan middle-distance running.

What is extraordinary about Australia, a nation of well under half the population of the UK, is that it is so good at so many sports. And that in spite of the fact they can't play anyone else at by far the most popular spectator sport, Australian rules football.

This is not because sport

excludes all other pursuits; as writer and cultural historian Brian Matthews points out: "Australia produces disproportionate numbers of artists, musicians and intellectuals, as well."

Both Matthews and Wray Vamplew, professor of sports history at De Montfort University and editor of three works on Australian sport, argue that the reasons are deep-rooted in national culture and history.

"Early immigrants were predominantly male and predisposed to play and watch sport," says Vamplew. Mat-

**'Colonial life transformed the poor physical stock provided by the British'**

thews notes that Australian workers won Saturday afternoons off – an essential development for sport in suburban times – as early as the 1870s and that the physically demanding outdoor life of colonial times rapidly transformed the poor physical stock provided by the British criminal classes.

"By the 1880s there were frequent comments on the size and strength of the 'curency', native-born young men."

Stories such as those of the young Donald Bradman honing his talents with solitary games played against a rural water tank tend to obscure the reality that Australia is an overwhelmingly urban nation. Vamplew points to this as a great advantage: "It was easy to organise good competition.

Competitive sport evolved very largely on the basis of intra-city rivalry."

Charles Williams' biography of Bradman shows the extent to which the great batsman became a symbolic national figure, his successes to some degree offsetting the blows to national confidence of the economic travails of the 1930s.

All of this is underpinned by mass participation, not only for men. Vamplew says Australian women have won more Olympic medals than the men, and government funding, another significant factor, has been accompanied over the past 20 years or so by an insistence on equal opportunities.

Neil Tunnicliffe, newly appointed deputy chief executive of the Rugby League and a member of the Lydon Commission, which visited Australia to inquire how the game down under had got so far ahead, argues: "In Australia there's no sense of either/or between 'sport for all' and encouraging the elite. They do both. They know the best way to develop a game is to encourage mass participation, but at the same time they are terrific at spotting and nurturing talent. Nor is there conflict between schools and clubs, but genuine synergy."

Australia has never been too proud to learn from others and its receptiveness to American ideas has extended even into a sport hardly played in the US. "The rugby league revolution of the 1970s was largely built on the ideas Jack Gibson brought back from his meetings with Vince Lombardi of the Green Bay Packers," says Tunnicliffe.

Rugby union, too, was prepared to learn – a Welsh defeat at Australian hands

never goes by without a reminder that in the early 1970s the Australian Rugby Union appealed for Welsh help in setting up a proper coaching scheme.

Tunnicliffe cites striking examples of the patient nurturing of talent. The New South Wales Cricket Association imposes limits on the amount of bowling done by young fast bowlers, who are issued with two booklets on physical care and maintenance. Canberra Raiders rugby league club's development programme emphasises skills development. "They won't let half-backs play in their under-14 team until they can pass as far from left to right as vice versa. They develop skills. Too often British lads just play," says Tunnicliffe.

Is there any threat to this seemingly endless success? Tunnicliffe concedes "they're still only human", but reckons British rugby league would take five years to catch up even if Australia stood still; "but they won't, so it'll take 10 at least", he adds.

One factor in this diverse success might be soccer's relatively low profile. Although Vamplew claims soccer is the most popular sport across all states, there is no single state where it is the top sport, where the most gifted athletes would be drawn to choose it. So talent which goes to soccer in most countries gets shared around in Australia.

If Terry Venables, by taking Australia to a serious World Cup run, can make the game fashionable for the nation's most talented youth, he might indirectly do as much for the success of British rugby and cricket as he ever did for its football.



## INTERNATIONAL ARTS GUIDE

## What's on around the world

## AMSTERDAM

## DANCE

Het Muziektheater  
Tel: 31-20-551 8911  
● Driemaal Balanchine: Dutch National Ballet programme of three works - Concerto Barocco, Violin Concerto and Apollon Musagète, to music by Bach and Stravinsky; Nov 2  
● Lander-Graham-Marin: Dutch National Ballet programme of four 20th-century works - Etudes, Lamentation, Embattled Garden and Groosland; Nov 1, 3  
● Nederlands Dans Theater I: programme comprising Bella Figura, by Kylian, and new works by Naharin and Obarzanek; Nov 4, 6, 7

## OPERA

Het Muziektheater  
Tel: 31-20-551 8911  
Cosi Fan Tutte, by Mozart. Netherlands Opera production, conducted by Ivor Bolton in a staging by Jürgen Flimm, with an entirely new cast; Nov 5

## BARCELONA

## EXHIBITIONS

Fundació Joan Miró  
Tel: 34-3-3291908  
Joan Miró - Equilibrium in space: selection of works by Miró dating from the 1960s onwards which aims to show the relationship of his work to oriental culture; to Nov 2

## BERLIN

## CONCERTS

Philharmonie Tel: 49-30-2548 8354  
● Berlin Philharmonic Orchestra: conducted by Antonio Pappano in works by Messiaen, Mozart and Sibelius; with bassoon soloist Daniele Damiano; Nov 1, 2  
● Berlin Philharmonic Orchestra: conducted by Seiji Ozawa in works by Dutilleul and Berlioz; with tenor Frank Lopardo, the Ernst-Senff Choir and the Berlin Boys' Choir; Nov 6, 7

## DANCE

Deutsche Oper Tel: 49-30-34384-01  
Deutsche Oper Ballet: premiere of Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Nov 5, 7

## BONN

## EXHIBITIONS

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-228-517 1200  
Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; to Jan 11

## BRUSSELS

## OPERA

La Marmale Tel: 32-2-229 1211  
● La Stelidaura Vendicatrice: by Francesco Provenzale. New production directed by Philippe Sireuil and conducted by Alessandro de Marchi; Nov 2, 4, 5  
● Werther: by Massenet. Concert performance conducted by Wladimir Jurowski, with a cast including Alison Hagley and Jennifer Lamore; Nov 4

## CHICAGO

## EXHIBITIONS

Art Institute Of Chicago  
Tel: 1-312-443 3800  
● Renoir's Portraits: Impressions of an Age. Around 65 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir. The show has been seen in Ottawa and will travel to Texas; to Jan 4  
● The Modern Midwestern Landscape: Gertrude Kuhl and Franz Lipp. Examines the contrasting careers of these two Chicago-based landscape architects from the 1930s to the 1970s. Includes around 70 drawings and photographs; Kisho Kurakawa Gallery; to Nov 30

## OPERA

Lyric Opera of Chicago  
Tel: 1-312-332 2244  
● Idomeneo: by Mozart. Conducted by John Nelson in a staging by John Copley. Cast includes Mariella Devia and Plácido Domingo; Nov 3, 6  
● Peter Grimes: by Britten. Conducted by Mark Elder, making his Lyric Opera debut, in a staging by John Copley. Ben Heppner sings the title role; Nov 1, 7

## CLEVELAND

## EXHIBITIONS

Cleveland Museum of Art  
Tel: 1-216-421 7340  
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 84 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold". The exhibition will travel to New York; to Jan 4

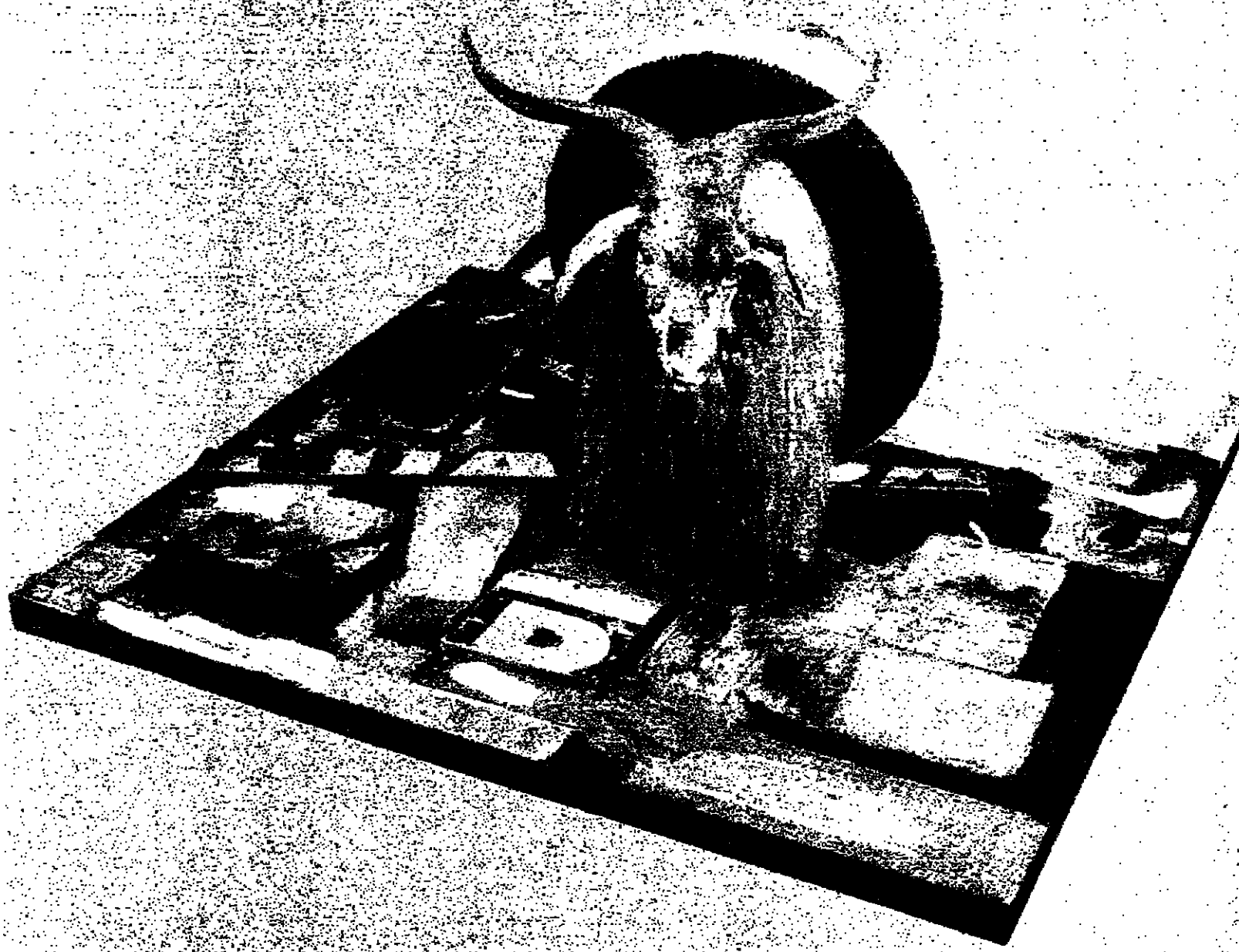
## COPENHAGEN

## EXHIBITIONS

Frederiksborg Castle  
Tel: 45-42-260439  
Four Hundred Years of Scottish Portraits: second half of an exchange organised with the Scottish National Portrait Gallery which saw an exhibition of Danish portraits in Edinburgh during this summer's festival. Now 100 paintings and photographs by Scottish artists including Raeburn are on show in Frederiksborg Castle, 30 kilometres from Copenhagen; ends tomorrow

## LONDON

## CONCERTS



'Monogram' 1985-88 by Robert Rauschenberg features in a retrospective of the artist at the Guggenheim Museum in New York

Barbican Hall Tel: 44-171-638 8891  
● London Symphony Orchestra: conducted by Michael Tilson Thomas in a programme including works by Berlioz, with soprano Jessye Norman in Les Nuits d'Été; Nov 2  
● London Symphony Orchestra: conducted by Michael Tilson Thomas in Mahler's Symphony No. 7; Nov 6  
● The Royal Opera: The Pilgrim's Progress, by Vaughan Williams. Concert performance, conducted by Richard Hickox; Nov 3

Royal Festival Hall  
Tel: 44-171-928 8800  
London Philharmonic Orchestra: conducted by Ivan Fischer in works by Mozart and Bruckner. With clarinet soloist Sabine Meyer; Nov 5

EXHIBITIONS  
Hayward Gallery  
Tel: 44-171-261 0127  
Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

National Gallery Tel: 44-171-839 3321  
Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and religious background; opens on Wednesday

National Portrait Gallery  
Tel: 44-171-306 0055  
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11  
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

Royal Academy of Arts  
Tel: 44-171-439 7438  
Sensation: Young British Artists from The Saatchi Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28

Tate Gallery Tel: 44-171-887 8000  
● The Turner Prize 1997: already controversial display of works by each of the nominees on this year's all-women shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18  
● Turner on the Loire: selection of watercolours, engravings, and a long lost oil which document the painter's tour of northern France in 1826, the climax of which was his journey up the River Loire; to Feb 15

Victoria and Albert Museum  
Tel: 44-171-938 8500

● Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18  
● Colours of the Indus: Costume and Textiles of Pakistan. Over 140 items dating from the 1850s to the present, including dresses, shawls, turbans and quilts; to Mar 29  
● Zuloaga: Spanish Treasures from the Khalil Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries. Born into a family of Royal Armourers, Zuloaga became a master of the art of damascening. The 40 works are displayed in the recently refurbished Silver Galleries; to Jan 11

## OPERA

London Coliseum  
Tel: 44-171-632 8300  
● From the House of the Dead: by Jantšek. New English National Opera production, conducted by Paul Daniel

in a staging by Tim Albery. The programme is completed by Twice through the Heart, by Mark-Anthony Turnage, conducted by Nicholas Kok; Nov 4, 7  
● The Magic Flute: by Mozart. Nicholas Hytner's English National Opera production, revived by David Ritch and conducted by Christopher Moulds; Nov 1, 6  
● Tosca: by Puccini. English National Opera production, conducted by Noel Davies in a staging by Keith Warner. Rosalind Plowright sings the title role; Nov 5

Shaftesbury Theatre  
Tel: 44-171-379 5399  
The Royal Opera: The Merry Widow, by Franz Lehár. In a new translation by Jeremy Sams. New production by Graham Vick, with designs by Richard Hudson; Nov 1, 4, 5, 6, 7

## THEATRE

Barbican Theatre  
Tel: 44-171-638 8891  
Henry V: by Shakespeare. Ron Daniels directs this Royal Shakespeare Company production, with Michael Sheen; from Tuesday until 22 Nov, after which it will tour the UK

The Pit, Barbican Centre  
Tel: 44-171-638 8891  
Romeo and Juliet: by Shakespeare. New production directed by Michael Attenborough and designed by Robert Jones. The lovers are played by Ray Fearon and Zoe Waltes; to Nov 15

National Theatre  
Tel: 44-171-928 2252  
● An Enemy of the People: by Ibsen, in a new version by Christopher Hampton. Directed by Trevor Nunn. Cast includes Ian McKellen; Olivier Theatre; in repertory  
● Chips with Everything: by Arnold Wesker. Directed by Howard Davies and designed by Rob Howell; Lyttelton Theatre; in repertory  
● Othello: by Shakespeare. Directed by Sam Mendes and designed by Anthony Ward. David Harewood plays Othello, Claire Skinner is Desdemona; Cottesloe Theatre; in repertory  
● The Invention of Love: the protagonist of Tom Stoppard's new play is the poet and classical scholar A E Housman, played by Paul Rhys and John Wood. Directed by Richard Eyre and designed by Anthony Ward; Cottesloe Theatre; in repertory

Joyce Theatre Tel: 1-212-242 0800  
Siobhan Davies Dance Company: double-bill of Bank, Davies' most recent work, choreographed to Matteo Fargion's percussive score, and the award winning The Art of Touch. This week-long season concludes an autumn tour, and is part of a festival of British contemporary dance; from Nov 4 to Nov 9

## LOS ANGELES

## CONCERTS

Dorothy Chandler Pavilion  
Tel: 1-213-365 3500  
● Los Angeles Philharmonic: conducted by Roger Norrington in works by Brahms; Nov 1, 2, 5  
● Los Angeles Philharmonic: conducted by Roger Norrington in works by Berlioz, Chopin and Liszt; Nov 6  
● Los Angeles Philharmonic: conducted by Roger Norrington in works by Brahms; Nov 6

## EXHIBITIONS

Museum of Contemporary Art  
Tel: 1-213-6266222  
Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of her major series, including Untitled Film Stills (1977-80), Centrefolds (1981) and Fairy Tales (1985). The exhibition will travel to Chicago, Prague, London, Bordeaux, Sydney and Toronto; opens tomorrow

## MELBOURNE

## DANCE

Melbourne Festival  
Tel: 61-1800-338 998  
Australian Ballet with Bangarra: programme of three world premieres by Twyla Tharp, Stephen Baynes and Stephen Page; State Theatre; Nov 1

## MUNICH

## DANCE

Bayerische Staatsoper  
Tel: 49-89-2185 1920  
Bayerische Staatsballett: Romeo and Juliet. John Cranko's choreography is set to Prokofiev's score, with sets and costumes by Jürgen Rose; Nov 2

Kunststhal der Hypo-Kulturstiftung  
Tel: 49-89-224 412  
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam; to Jan 11

## OPERA

Bayerische Staatsoper  
Tel: 49-89-2185 1920  
● Die verkaufte Braut: by Smetana. Conducted by Jun Märkl in a staging by Thomas Langhoff, with sets and costumes by Jürgen Rose; Nov 1  
● Elektra: by R. Strauss. New production conducted by Peter Schneider, directed and designed by Herbert Wernicke; Nov 4  
● Madama Butterfly: by Puccini. Conducted by Asher Fisch in a staging by Wolf Busse; Nov 5

## NEW YORK

## CONCERTS

Lincoln Center Tel: 1-212-721 6500  
● New York Philharmonic: conducted by Krzysztof Penderecki in a programme including the New York premiere of his Symphony No. 5, and Beethoven's Piano Concerto No. 3, with soloist Christopher O'Reilly; Avery Fisher Hall; Nov 1  
● New York Philharmonic: conducted by Charles Dutoit in a programme of works by Mozart, Barber and Tchaikovsky. With soprano Barbara Hendricks; Avery Fisher Hall; Nov 5, 6, 7

## DANCE

Joyce Theatre Tel: 1-212-242 0800  
Siobhan Davies Dance Company: double-bill of Bank, Davies' most recent work, choreographed to Matteo Fargion's percussive score, and the award winning The Art of Touch. This week-long season concludes an autumn tour, and is part of a festival of British contemporary dance; from Nov 4 to Nov 9

## EXHIBITIONS

Guggenheim Museum  
Tel: 1-212-423 3500  
Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career. The exhibition begins at the Solomon R. Guggenheim Museum and continues at the Guggenheim Museum SoHo; to Jan 7. A special installation of The 16 mile or 2 Furlong Piece is at Ace Gallery New York to Nov 9

## Metropolitan Museum of Art

Tel: 1-212-879 5500  
● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world. Raphael and Botticelli, whose assistant Lippi was, are also represented; to Jan 11  
● Jackson Pollock (1912-1956): Early Sketchbooks and Drawings. Display of 48 rarely seen pages from the Abstract Expressionist's sketchbooks, and 24 drawings. Includes studies and portraits; to Feb 8  
● John La Farge: more than 30 works from the collection, including paintings and stained glass windows, by the 19th century American artist; to Jan 25  
● Master Hand: Individuality and Creativity Among Yoruba Sculptors. Around 50 works attributed to individual artists, where it is more usual for non-Western art to be regarded as the product of regional styles and workshop traditions; to Mar 1  
● Picasso - The Engraver: Selections from the Musée Picasso, Paris. Around 150 engravings, etchings and woodcuts created between 1900 and 1942; to Dec 21  
● Richard Pousette-Dart (1916-1992):

works by the American Abstract Expressionist, tracing his evolution from Cubism towards his mature style. Includes loans from the artist's estate; opens on Tuesday

● The Private Collection of Edgar Degas: sold at auction after his death in 1918, more than 200 19th century French paintings and drawings collected by the artist who once imagined establishing his own museum. Includes works by Ingres, Delacroix, and impressionists including Manet, with one room devoted to works by Degas himself; to Jan 11  
● The Resonant Image: Uses of Tradition in Japanese Art. Includes paintings, prints, ceramics, lacquers and textiles, from the collection and with loans from American museums; to Sep 1998  
● Wordrobe: show exploring the relationship of fashion to self-expression in language; to Nov 23

## Museum of Modern Art

Tel: 1-212-708 9480  
● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 6  
● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4  
● From Henri de Toulouse-Lautrec to Andy Warhol: Exploring Techniques. Selection of 70 woodcuts, etchings, lithographs and screenprints from the collection; to Feb 8

## OPERA

Metropolitan Opera, Lincoln Center  
Tel: 1-212-362 6000  
● Carmen: by Bizet. Revival of a production by Franco Zeffirelli; Nov 1  
● Don Giovanni: by Mozart. First performance of the season of Franco Zeffirelli's production, with Amanda Roocroft making her Met Opera debut; Nov 5  
● Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Nov 1, 6  
● La Cenerentola: by Rossini. Met Opera premiere. New production conducted by James Levine in a staging by Cesare Lievi, with designs by Maurizio Ballo; Nov 3, 7  
● Tannhäuser: by Wagner, in a staging by Otto Schenk; Nov 4.

## New York State Theater

Tel: 1-212-870 5570  
● Don Pasquale: by Donizetti. New York City Opera. New production, premiered at Glimmerglass, directed by Leon Major and conducted by Lucinda Carver; Nov 6  
● La Traviata: by Verdi. Revival of Renata Scott's New York City Opera production, conducted by Emmanuel Joël; Nov 1  
● Macbeth: by Verdi. The New York City Opera season opens with this new production directed by Leon Major and conducted by George Manahan; Nov 2, 7  
● Xerxes: by Handel. New York City Opera. New production directed and Stephen Wadsworth and conducted by George Manahan; Nov 1, 5

## THEATRE

Bowery Lane Theatre, 330 Bowery  
Tel: 1-212-677 0060  
Rough Crossing: by Tom Stoppard. The Jean Cocteau Rep new season opened with this musical farce, set aboard a steamship bound for New York

## Century, 111 E. 15th St.

Tel: 1-212-239 6200  
How I Learned to Drive: by Paula Vogel. Directed by Mark Brokaw

## Helen Hayes, 240 W. 44th St.

Tel: 1-212-307 4100  
The Last Night of Ballyhoo: Ron Lagomarsino directs Alfred Uhry's comedy, set in 1930s Atlanta

## PARIS

## CONCERTS

Salle Pleyel Tel: 33-1-4561 6589

Orchestre de Paris: conducted by Semyon Bychkov in works by Schnittke, Mendelssohn and Strauss. With violin soloist Viktoria Mullova; Nov 5, 6

## Théâtre des Champs Elysées

Tel: 33-1-49525050  
Recital by Dame Kiri Te Kanawa; Nov 3

## DANCE

Opéra National de Paris, Palais Garnier Tel: 33-1-43439696  
● Paris Opera Ballet: in Swan Lake; Nov 1, 2  
● Paris Opera Ballet: mixed programme - Soir de fête by Staats, L'Arlesienne by Petit, and La Symphonie fantastique by Massine; Nov 6, 7

## EXHIBITIONS

Musée Carnavalet  
Tel: 33-1-4272 2112  
Paris and the Parisians in the time of Louis IV: more than 300 engravings, which together create a vivid impression of 17th century Paris. Including portraits, images of the city and its monuments, as well as proverbs, allegorical works, and almanacs; opens on Wednesday

## Musée d'Art Moderne, Ville de Paris

Tel: 33-1-5367 4000  
Gilbert & George: major retrospective of the British artists, comprising some 120 works and spanning their career from their meeting at St. Martin's School of Art in 1968 to the "Fundamental Pictures" of last year; to Jan 4

## Musée du Louvre Tel: 33-1-4020 5151

● A Mission to Persia 1897-1912: display of pictures, objects and photographs retracing the archaeological expedition led by Jacques de Morgan, paying tribute to his career and the mission's discoveries about the ancient civilizations of Iran; to Jan 5  
● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5  
● Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. The display includes Pajou's five most famous marble statues, portrait busts, terracotta sketch-models, and a large number of drawings including designs for the opera at Versailles; to Jan 19, after which the exhibition will travel to New York

## OPERA

Opéra National de Paris, Opéra Bastille Tel: 33-1-44731300  
● Nabucco: by Verdi. Conducted by Pinchas Steinberg in a staging by Robert Carsen; Nov 1, 4, 7  
● Turandot: by Puccini. New production by Francesco Zambello. Conducted by Fabio Luisi. With choreography by Alphonse Poulain and designs by Alison Chitty; Nov 2, 5

## TOKYO

## CONCERTS

Suntory Hall Tel: 81-3-3289 9999  
Vienna Symphony Orchestra: conducted by Claus Peter Flor in works by Mendelssohn, Prokofiev and Brahms. With violin soloist Anne Akiko Meyers; Nov 6

## VENICE

## EXHIBITIONS

Fondazione Giorgio Cini  
Tel: 39-41-528 9900  
Venice - from State to Myth: beginning with symbols of authority such as Caracciolo's great Winged Lion of St Mark, ranging across maps and portraits from the 16th to 18th centuries, to a section devoted to the great 19th century travellers, among them Turner, this grand display concludes with several modern works; to Nov 30

Giardini di Castello, the Corderie della Tana and elsewhere in the city. Venice Biennale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past". Its curator, the critic Germano Celant, has opted to present the work of 71 artists in three chronologically ordered categories spanning from the 1960s to the present, and has chosen a lot of installation and video works. Overall, however, painting and sculpture are rather more in evidence than in recent years; to Nov 9

## WASHINGTON

## National Gallery of Art

Tel: 1-202-737 4215  
● Thomas Moran (1837-1926): first retrospective devoted to the American landscape painter. Featuring 100 oils and watercolours including a selection of the famous Yellowstone pictures, painted on a survey expedition in 1871, which influenced Congress's decision to create their first National Park; to Jan 11, after which the exhibition will tour to Tulsa and Seattle  
● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will travel to Bergamo in April and Paris next October; opens tomorrow

## ZURICH

## EXHIBITIONS

Kunsthhaus Zurich Tel: 41-1-251 6765  
● Arnold Böcklin, Giorgio de Chirico, Max Ernst: Voyage into the Unknown, comprising 130 paintings, collages and sketches; to Jan 18  
● Farnicht: Walter Bosshard (1892-1975). Pioneer of Modern Photojournalism; opens on Friday

FT Arts Guide e-mail:  
susanna.rustin@ft.com



# Weekend Investor

London / Philip Coggan

## October is the cruellest month

The writer T.S. Eliot was wrong. April is not the cruellest month. It is October. Something about the onset of autumn sends markets into a blind funk.

In 1929 and 1987, investors experienced ecstatic declines. In 1989, there was a mini-crash, and we have seen something similar this week.

It is too early to tell if the latest turbulence represents a reversal of trend in the market or simply a temporary blip. Monday's 564-point fall in the Dow Jones Industrial Average might have been the largest ever in points terms but, at 7.2 per cent, it was nowhere near as significant as the 23.6 per cent decline of October 19 1987.

Still, things seemed pretty hairy at the time. At its worst point on Tuesday, the FTSE 100 index was down 487.9 points, or 9.5 per cent, on the day. By that stage, the Footsie was nearly 1,000 points lower than its intra-day, all-time high, recorded earlier this month.

Confusion seemed to be made worse by the new trading system, which resulted in some rather unusual price movements on the screens. The new system meant that the Footsie officially opened flat on Tuesday as the market waited for trading prices to be established. It was a few minutes before the size of the initial drop, 266 points, was displayed.

It might seem bewildering that events in Asia should cause such turmoil in the US and Europe. The combined gross domestic product of the five biggest Asian economies and Hong Kong is just over a tenth that of the US. But, as Alan Greenspan, the chairman of the US Federal Reserve, said in his testimony to Congress on Wednesday, the Asian problems may merely have been

the excuse the markets needed to correct.

Shares have had a phenomenal run in the past 2½ years as markets around the world have benefited from low inflation and interest rates, and from a pick-up in corporate earnings. Indeed, when everything is going so well for investors, markets have a tendency to get ahead of themselves and assume that all in the garden will stay rosy for ever more.

The price-earnings ratio on the UK market (measured by the non-financial index) inched above 20 in recent weeks, a level that London seems unable to sustain for

long. Previous surges over 20 in 1987 and 1994 have been followed by share price falls.

The overall fall in the market since the October 3 peak of around 10 per cent disguises some much larger drops in individual stocks. The worst hit shares in October included some companies with obvious Asian links, such as HSBC, Inchcape and Standard Chartered; and some, such as British Biotech, perceived as risky investments.

In some cases, particularly that of HSBC, this month's falls have reversed what has been a phenomenal rise so far this year.

It is worth remembering that, at last night's close, the Footsie remained 17.6 per cent above its end-1996 level and well ahead of what even the most optimistic brokers were forecasting at the start of the year. If shares stabilise at present levels, investors can still be satisfied with a pretty good year.

Of course, the question is: will they stabilise? Normally, when markets are hit by a sudden shock, volatility persists for a while as investors adjust to the new situation.

The big test could come in the US where retail investors were quick to jump into

the market on Tuesday, having learnt in the past to "buy the dips". Should those investors find in a week or two that their actions have cost them money, they may not be so brave next time round.

From a purely domestic point of view, what do valuation measures tell us about the UK market? The abolition of the dividend tax credit means that the old yield ratio (the relationship between long bond yields and the dividend yield on the All-Share) should be treated with great suspicion.

At the moment, the published ratio is well under 2, normally a sign that shares are cheap. But, without the tax credit, the real ratio is more like 2.4, putting shares into expensive territory.

A more safe measure of equity valuations is to look at the earnings yield of the market (roughly the inverse of the price-earnings ratio) compared with the long bond yield. This eliminates the tax distortion caused by dividends and is also one of the measures used most in the US.

The graph illustrates the present state of this relationship. It shows clearly that shares were overvalued before the crash of 1987 and were cheap towards the end of the early 1990s recession. At the moment, the ratio is in the middle of its 10-year band, indicating that there is no great reason to sell (nor any rush to buy).

If one compares the earnings yield with short-term interest rates, shares looked remarkably cheap towards the end of 1996 when the effective return from them was greater than that from cash. That ratio has dropped quite rapidly this year as interest rates have risen (and the earnings yield has dropped), but is still well above its 1987 and 1990 lows.

In short, there is nothing in the valuation measures to suggest the present correction needs to match that of 1987, and there is no obvious near-term domestic economic event that should trigger a market slide. But, of course, psychology might yet prove more important than economics or valuations.

Wall Street / Richard Waters

## At least the wheels haven't fallen off

It was a case, as one mutual fund manager put it, of kicking Wall Street's tyres. Like someone buying a used car, investors decided earlier this week to subject the US stock market to a thorough going-over. The result: there may be some blemishes that the salesman didn't tell you about, but at least the wheels didn't fall off.

That should be good news in the longer term for investors in US shares, but it also means the game on Wall Street has changed. The simple and highly popular strategy of momentum investing - pouring money into the stocks that have been rising fastest and watching them go up some more - is over: in its place, the trick will be to spot islands of value in more treacherous waters.

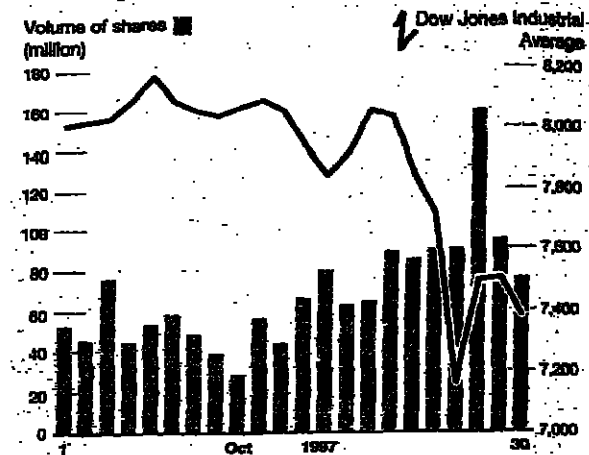
The week began with Wall Street peering over the precipice. The Dow Jones Industrial Average had slipped by 4 per cent at the end of the previous week as a bout of stock market jitters that began on the far side of the world washed up against US shores.

Financial markets hate uncertainty, and the turmoil in Asia raised just enough doubts to throw Wall Street into a funk. If one of the great growth engines of the world economy was closing down, what did it mean for the US, and for the profits of American companies?

The psychology of market dips then took hold. It is a decade since the steady ascent of US share prices was last tested seriously, and everyone knows this cannot go on forever. Also, like a game of chicken, there are always some investors who try to dice with market peaks, hoping to spot the fall before it comes and reach the exits before the rest. The time had come to cut and run.

In the circumstances, things didn't turn out too badly. For a while on Monday afternoon, the market's descent had the same vertiginous quality as Black Monday a decade before. But the final loss for the day - the Dow dropped 7.2 per cent - was far less than the 22 per

Prices plunged, volume soared



cent plunge of that earlier crash.

That was in part because the market was shut down by the "circuit breakers" introduced after Black Monday to halt trading on such days: the selling continued the next morning.

By Tuesday afternoon, however, the buyers were back in force. Their view: Asia's problems do not spell the end for the remarkably resilient US economy. Instead, they reasoned, this might actually prove mildly beneficial. The crunch in Asia would indeed take some of the shine off domestic economic growth next year - but this was just what the country needed.

If it hadn't been for this external shock, the Federal Reserve probably would have moved much more quickly to deliver an internal shock in the shape of higher interest rates. And, historically, it has been higher rates that have spelt the end for long-running bull markets. At the same time, after looking closely at the likely impact on companies' profits, Wall Street decided that corporate America would come out of it just fine after all.

Tuesday's burst of buying sent the stock market back up by 4.7 per cent. By yesterday, after a few smaller fits and starts, the Dow seemed to have settled in a trading range around 7,400. This is around 10 per cent below the peak it hit in early August -

just the sort of "correction" that many market watchers had said was long overdue.

For anyone who bought at the top, this is obviously bad news. But, for everyone else, it could turn out to be the best thing in the long run - as the Federal Reserve chairman, Alan Greenspan, said on Wednesday to Congress. The market's sense of its own invulnerability has evaporated. For a while at least, the stock market will seem less like a get-rich-quick scheme - and that will reduce the risk of the sort of dangerous bubble that developed in Japanese equity and real estate prices in the late 1980s.

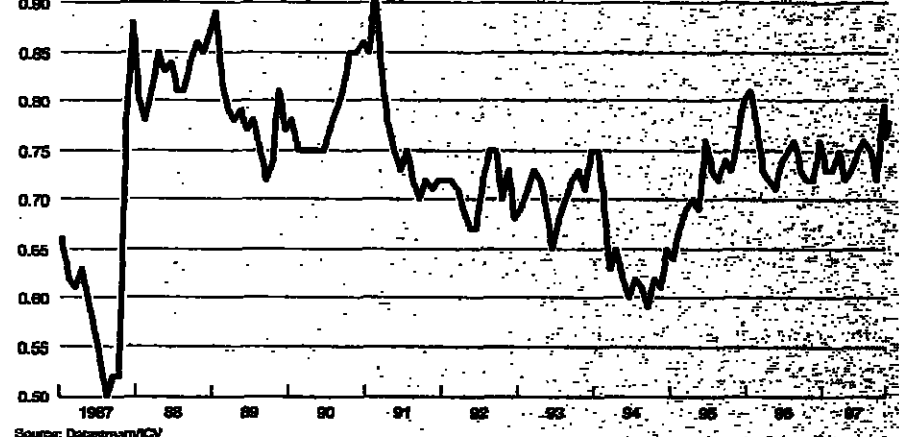
One result is likely to be an end to the popularity of momentum investing, which has driven up the share prices of some companies - particularly in the high tech sector - to unrealistic levels. This sector has been among the hardest hit on the stock market this week.

But that does not mean that there are not good bargains to be had. Investors picking through the wreckage left by Grey Monday alighted on quality names such as International Business Machines, which were now to be had far more cheaply.

For the stock market over the long run, the fact that Wall Street's investment professionals now are likely to put more emphasis on sifting the wheat from the chaff is likely to be a positive thing.

### Neither cheap nor dear

Earnings yield on FTSE Non Financial Index relative to the long bond yield



### Highlights of the week

	Price	Change	52 week	52 week	
	1 day	on week	high	low	
FTSE 100 index	4842.3	-127.9	5330.8	3900.4	Asian market turmoil
Blocompables	665	-97%	1432%	447%	Weak biotech sector
British Steel	158	-9%	193%	133%	Effect of strong pound, market turmoil
GKN	1397	-48	1480	907	Concern over cheaper Asian competition
Grand Met	538	-41	638	425%	New brand name
Guinness	533	-54	639%	424	New brand name
HSBC (75p share)	1485	-127	2368%	1218	Exposure to troubled Hong Kong
Inchcape	217	-26%	305%	204	Turnover in its Asian markets
Sainsbury (J)	497%	+20	507	307	Good results
Schroders	1710	-127	2045	1387	Troubled banking sector

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FTS

Tony Jackson

## A capital conundrum

Behind the paradox of high returns



The arresting behaviour of the markets this week - what Fed chairman Alan Greenspan called, in his dry way, a "salutary event" - throws open the whole question of fundamental value. It also poses a central conundrum.

Listen to any management guru these days and you will be told that one of the most profound changes in corporate life in the late 20th century is the availability of capital. In the old days, companies regarded financial capital as a scarce and critical resource. Now, the name of the game is intellectual capital. Financial capital is in glut.

But, if so, why has capital invested in the US and UK stock markets achieved super-normal returns for the past decade and more? Why, come to that, are companies under increasing pressure to manage for shareholder value - that is, to give top priority to the holders of a surplus commodity?

Perhaps we should examine the basic premise more closely. If the supply of money exceeds demand, the price ought to drop. We should, therefore, look at the long-run trend in real interest rates.

Unfortunately, there is no such trend. Over the past century, real interest rates have been all over the place. In the 1930s, the real US long rate averaged 6 per cent. In the 1940s, it averaged -1.5 per cent. At present, it is just over 3 per cent, which tells us very little.

Anecdotally, though, the evidence for a capital glut

seems quite clear. All kinds of companies, from Barclays Bank to General Electric of the US, have been giving cash back to their shareholders by the shovel.

On its last balance sheet, GE had shareholders' funds of \$31bn. Its market value - even after this week's falls - is more than \$200bn. That is, its financial capital accounts for only 15 per cent of its worth.

So, if capital is of fading importance, how are we to explain the paradox of high returns? Mainly, I think, there have been two factors at work.

All kinds of companies, from Barclays to GE, have been giving shareholders cash by the shovel

First, companies have been going through an immense transition over the past 10 or 15 years. Various barriers to efficiency, mostly imposed by the nation state - exchange controls, tariff barriers and so forth - have been removed.

This new freedom also has brought a sharp rise in competitive pressure - hence all the restructuring of recent years which has involved, among other things, more efficient employment of capital. At the same time, the trend from bank-led finance to market finance has favoured the big international companies, which can secure capital more cheaply.

The net effect has been a sharp increase in profit margins: or, in macroeconomic terms, a rise in the share of

corporate profits in GDP. This, in turn, has driven up share prices on most of the world's main markets.

So, to the second point. If companies have more control over their own affairs, it is equally true that investors have more control over companies.

This results partly from the amalgamation of the investment industry, which is becoming dominated by a few massively powerful institutions.

It is also because those institutions have increasingly found they

in balance three years from now. A world without treasury bonds no longer seems impossible.

Optimists will argue that this is a good thing. As Michael Hughes of BZW points out, real UK interest rates, as represented by the yield on index-linked gilts, have been persistently higher than the UK growth rate for many years. Thus, while UK companies may have invested to cut costs, they have had no incentive to invest in expansion.

It should follow that a fall in the cost of capital would set off a virtuous circle. As companies reduced their hurdle rates of return on new investment, the growth rate would rise and they would be spurred to invest more again.

Well, perhaps. It remains to be seen if the rate of earnings growth from organic expansion can match that of the past 15 years, which was mainly the product of cost-cutting and margin improvement.

And, in the end, the fundamental doubt remains. We seem to be in a world in which savings are less and less in demand: used more frugally by companies, and resorted to less often by governments. In the long run, how can such a commodity command a high return?

Some such question might have been in the minds of the markets as they thrashed around this week.

Whether this is yet the turning point remains to be seen. But, as logic and experience unite in telling us, the good times cannot roll forever.







## FT WEEKEND

True Fiction

## When the going gets tough

Hugh Dickinson believes his travelling companion is getting too close for comfort

This is a speed restricted area," murmured Hillary in her husky voice. I should have felt grateful, but was irritated. I knew it was. Her close attention to my every move was getting on my nerves.

I'd had a choice at the car rental office: male or female voice in the inboard computer. "Hillary" or "Bill"? On balance, I thought I'd prefer a female companion on the long drive up to Vermont. The mechanic showed me how to reprogram the black box under the dashboard. "She can tell it you different ways," he said. "Some folk don't fancy a particular tone of voice."

I soon found out what he meant. I'd hardly got the key in the ignition before Hillary started to tell me how it was. "Fix your seat belt," she commanded in a flat Yankee voice. "Adjust your rearview." "Release your handbrake."

Negotiating the manic Boston traffic is nightmare enough for a visitor; driving with a built-in

New England schoolmarm reduced me to a sweating sponge. I pulled into the first filling station, unlocked the black box and tried to remember the codes I had been told back at the rental office. Despairingly, I pushed a few buttons and drove on. The result was delightful. Hillary's voice had dropped from a peremptory twang to a soothing southern drawl.

"I guess you-all may need to check the gas," she murmured. I glanced down. "Thanks," I said. "My pleasure," she husked. Startled, I looked at the empty seat beside me. We had coded in my destination 400 miles away at the office, so I wasn't too surprised when Hillary gave me advance

warning of a turn-off on to the interstate. She did it, well, so suggestively. But I objected when she proposed turning off 20 miles on. "Hey, we're heading for Vermont not Chicago. You got your wires crossed!" "Only a suggestion," she reassured me, "but there's a big tailback up ahead and I thought maybe we'd take a route round it. But you're the boss."

"Okay, okay. You just tell me where to go." "Sure, that's why you hired me." With gentle precision Hillary guided me through the back streets of a small town and back on to the Interstate 12 miles north. On the southbound side, the traffic was stacked up for miles. "That was brilliant!" I

exclaimed as we sped up the empty road. "Thanks," said Hillary, "my pleasure." And then, "Maybe we should watch our speed here folks." "Why's that?" "Cops ahead and a speed trap."

I eased off and we floated past the waiting police cars as demurely as a maiden aunt. "Good thinking, Hillary." "I sure wouldn't want you-all to get tangled with those Yankee cops," she said.

Hillary was a winner. I pictured her, a slim blonde with long, brown legs and green eyes. She interrupted my day dream. "Sorry, no. Brunette, with glasses and built kinda square." I jumped and stammered an

apology. "That's okay, it often happens. But it's my voice you hired." And your personality, I thought. There was a distinct chuckle. I began to feel nervous. And hungry. "If you-all are feeling like a bite, there's a place a mile west at the next junction."

A prickle ran down my spine. Hillary was reading my mind. Over a monster beefburger and a can of root beer, I reflected. This recoded Hillary was getting a bit too close for comfort. I had a map in the trunk of the car. If I switched her off I could map-read the rest of my route.

I went back to the car and put the key in the door. It wouldn't turn. I tried the trunk. The same.

I was locked out. As I leant my head against the car I heard that husky chuckle again. This was ridiculous. I gave in. "Okay, you win." The key turned in the lock. I opened the door and then slipped back to the trunk. It wouldn't budge. Without a map, I would be lost in the winding mountain tracks of Vermont.

"Promise you won't switch me off!" I sat behind the wheel and thought of game plans to outwit her. On every one she was ahead of me, and gently explained her countermove. We drove on.

The root beer was trickling down to its final destination and the need for a comfort stop pushed all other thoughts from my mind. "Men," snickered Hil-

lary. "Only one focus to their lives." She sighed. "Take two rights and there's a shopping area 200 yards down with a Sizzler on the corner. That do?" "Fine," I said. Fine it was. Beside the Sizzler there was a branch office of the same firm that had rented me the car. I slipped in and asked if they could change the vehicle for me - brakes failing a bit, I explained glibly. They couldn't have been more obliging.

The mechanic lifted my bags out of the blue car and into a nearby black one. He started to explain about the black box. Did I want "Bill" or "Hillary"? "Can you switch the thing off?" I asked nervously. "Why sure - just pull this lead out." "You jerki!" whispered Hillary with sudden venom.

The mechanic looked at me with his mouth open. Cheerfully, I did just what Hillary told me and jerked the lead out. And, boy, did I get myself lost on those mountain roads! Pathetic, really.

Metropolis

## The new corner store in Shanghai

James Harding finds a romantic revolution under way in Shanghai

People make love more nowadays," says Chen Kai. And he should know. On Saturday evenings, Chen, Shanghai's best known sexologist, appears on the popular *Night Talk* radio show and casually fields questions that have long gone unasked publicly in China.

The queries and concerns are the same as one might hear on talk radio anywhere in the world, albeit delivered with Shanghai's distinctive candour. Elderly couples call in to describe, in some detail, the rediscovery of intimacy in retirement. Young women phone to bemoan the absence of affection and sometimes the rudimentary anatomical understanding in their men. Young professional males are concerned by vanishing sexual appetite and ability.

Although what they say may be unremarkable, that they say it at all is surprising. Sex was - in public at least - an unspoken word in Mao's China. In much of the country, it remains a taboo, almost as a matter of Communist party policy. No cadre ever prospered by championing the cause of sexual honesty in a country buffeted by campaigns against Evil Winds, Spiritual Pollution and Bourgeois Liberalisation, each of them targeted, in part, at the perceived degeneracy of the capitalist west.

Even at the height of revolutionary fervour, rumours circulated about the infidelities of the upper echelon, but for the masses sex was kept out of public view. Its sporadic emergence in the 1980s was highlighted by extraordinary stories such as that of the couple, both well-educated, who complained bitterly about their inability to procreate until their doctor realised that they had no idea how to go about it.

Much of China's rich seam of erotic literature was deemed morally corrosive and publication of such books was suspended. Even some medical books were branded pornographic and banned, recalls Chen, who, as well as being a chat show host, is also a doctor and director of his own clinic.

"In Chinese society, we were busy fighting against feudalism. Then we were building a socialist society. Now we are pursuing economic reform and liberalisation and in the process we have neglected the sex life of the people," he says.

But in Shanghai, a city which wants so much to be modern, the

The mood is sterile, not smutty, medical rather than musky

puritan reserve is melting. On the corner of the street opposite the fairytale Gothic mansion that is home to the Communist Party Youth League in Shanghai, the Huangguang Sex Health Products Shop has recently opened. Inside, the shelves are stocked with "Dragon Pill" aphrodisiacs and "Return of Spring" lotions, as well as a limited range of "self-satisfaction devices" - to translate directly from the Chinese - kept in glass cabinets under lock and key.

The mood is sterile, not smutty, medical rather than musky. The sales assistants wear white coats. They talk about their customers' "conditions", rather than desires. Neon lights illuminate the single white-washed, white-tiled room and the doors on to the street are left



open. The selection of goods, at least by the standards of Soho's array of ludicrous lingerie, is spartan.

But the outlet on the Shand road, an unflinchingly public location for such a shop, is symptomatic of a more self-assured, brash Shanghai. Indeed, the Huangguang Sex Health Products Shop is one of roughly a dozen retailers to have appeared in the last year, examples of the con-

sumer rush in the shopping capital of China.

Chen Weiping, the shop's general manager, says that sex was never mentioned when she was young. "For a long time, we were quite a conservative country. But shops like these are part of the opening up of China. After all, people have the same needs and problems all over the world."

That said, it is still not widely talked about. Stuck in a traffic

jam the other day, I stumbled into a conversation about sex education with a friend, a former journalist - let's call him Wang, not out of political caution, but for the sake of discretion.

Married and in his thirties, Wang says he is "self-taught". Like most other men of his generation, neither of his parents ever took him aside for a confidential talk about the birds and the bees. His biology teacher at school

gave a comprehensive introduction to the human anatomy - and Wang can still describe the skeletal structure, listing bones by name - but the class was divided by sex for the final lesson. Boys were taught about their bodies in one room, girls about theirs in another.

This is one of the chief complaints of Chen: "Education here is empty. They cannot use what they learn in a practical way.

People seem to think that explicit education would arouse people to a frenzy."

He can look back and laugh now about the days when he did not dare discuss his medical research, for fear of being labelled "a dirty old doctor". Today, he is far from secretive about his chosen specialisation - a large carved wooden phallus stands on his desk, another hangs from his keyring and one of pop-up paper appears on his business cards.

A more robust Shanghai is not only more outspoken about sex, but, Wang believes, more active. "As living standards have improved, people get bigger apartments, their own bedrooms, they have greater sexual needs. They have more time for their emotions," he says.

Certainly, the young Shanghai-nese are in a greater hurry than their parents. One of Shanghai's glossy magazines, *Culture World*, this month published a study of courtship in the city.

It found that couples who married before 1985 took 20 days after

Once people have retired, they have time to investigate their feelings

their first date to walk hand-in-hand with their future spouse and more than 45 days for the first kiss. The sample married between 1976 and 1985 spent 2-5 days before taking each other's hand and 10-20 days to kiss. Today, the magazine reports, it is "very hard to say... some interviewees kissed on the first date".

But the eagerness is not confined to the young. Chen says "demand is as great among the old and the middle aged. Once people have retired, they have time on their hands to investigate their feelings and their physical desires."

The normally emotion-free *Business News*, a Shanghai daily, asked a group of 1,570 people about "love and marriage".

Only 1.3 per cent claimed to enjoy "very romantic love", 11.8 per cent experienced "fairly romantic love", 48 per cent no longer have any romantic life to speak of and 43.4 per cent said they did not know what romance was.

The breach with the past is that such confessions are now coming out in public, even if couched in giggles and blushes.

For few Shanghaiese take the same breezy approach to sex as Chen. But then, as my friend Wang explains, many people still think he is just a "dirty old doctor".

Arcadia

## Playing tug o' war with a Tamworth boar

Christopher McCooley thought his luck with nature in the depths of the Weald couldn't last... and it didn't

What a year we have endured in the depths of the Weald: Sarah apparently ate her piglets before we could; my bees have all fallen victim to the apian equivalent of plague; two apple trees in the garden - one a Cox for eating, the other a Bramley for cooking - have both given up the ghost; and after a long battle and despite the use of a secret Japanese weapon, slugs have won the fight for the vegetables.

We had "borrowed" Tonto, a full pedigree Tamworth boar from a farmer a few miles away. The correct Pig Movement papers had been completed to satisfy the requirements of the Ministry of Agriculture and we had managed to manoeuvre the beast into a horse box.

Generally speaking, if you treat pigs decently - talk to them, scratch them behind the ear - they're quite easy to move around, especially if you rattle

some nuts in a bucket and keep that just in front of their nose.

Only once did it get a bit hairy, when Tonto bit the bucket and a tug of war ensued - he's strong but a sharp tap on his snout made him release his hold.

Tonto must have caught Sarah on the last day of her three-day oestrus cycle as the piglets arrived three months, three weeks, three days later - the exact period of gestation. I was going to move Sarah to her own farrowing shed where I had rigged up an infra-red lamp in a corner with an iron bar across it preventing Sarah from getting near it.

The piglets could sleep under the lamp and reduce the likelihood of mum squashing them when she laid down.

Squeals of excitement on the morning they were born came not from the piglets but from our neighbours' children, who often

go to see her before going to school. "Sarah's had her babies! Come quick!"

Most people around here knew of Tonto's visit and were looking forward to the happy event. There were two perfect little Tamworths. I picked them up, as they were skiving, and brought them inside and put them under our Japanese kotatsu - a low table with a heater underneath and covered with a quilt.

I called the vet, who checked that Sarah had no more piglets inside her. There would probably have been more if Tonto had arrived a couple of days earlier. The vet advised that Sarah should be allowed to suckle her two piglets overnight where she had given birth (in a straw-filled pig arch made of corrugated iron), and that she could be moved to her new quarters the next day.

When I went to feed her the next morning there were no

piglets. My neighbour told me later she had heard a bit of a commotion in the night so they may have been taken by a fox or Sarah may have got to them. Frankly, Sarah seemed quite unperturbed.

When I went to feed her the next morning there were no piglets

I knew all about varroa - the flea that attaches itself to bees and sucks their life blood out of them so they become listless and, eventually, because the thousands of bees in a colony are a sum of their parts, the colony cannot support itself and dies. Kent and Sussex were badly hit

by the disease last year - many beekeepers lost all their hives.

For some reason, mine escaped. Once I had taken off the last of last season's honey, I told myself that my luck wouldn't last and I should not give the fleas a chance to get established. I would treat the hives with a special powder that kills the mites.

One job got in front of another; I kept delaying what I knew had to be done. When I did try the treatment and went to the hives, it was too late. Three colonies were already dead and the remaining two were on their last legs - literally. It was dispiriting to see silent, empty hives which before had buzzed with life and industry.

Trees have lives like the rest of us. They grow from seed to sapling to maturity and old age. Probably the two apple trees just grew old and died, although they were not venerably old; my

father and I planted them in 1980.

But maybe the summer drought of 1996 and a vicious late frost in May this year was what made them give up the struggle. The Bramley had a tree house in it, much enjoyed by the kids when younger and up until this year still, as a quiet reading platform in the air. The cats certainly enjoyed sunbathing there.

The tree has become dangerous now it is dead and I will take a chainsaw to it - at least the logs will burn well in our inglenook fireplace this winter.

Let your guard down for a day or two, go away on holiday for a week or so, and see what damage slugs do to your hard work in the vegetable garden.

I've tried it all - beer in sunken yoghurt pots, grit or ash or lime around the base of plants, clearing away rubbish offering shelter, upturned grapefruit halves, Vaseline

around the rims of pots, encouraging toads and exhorting hedgehogs to greater effort. Like many gardeners, I don't like to use slug pellets.

But this summer I've at least kept the problem almost under control. The secret? Chopticks. They have to be the wooden Japanese variety (for a better grip), not the longer-stemmed plastic Chinese type.

Go out after dark with a torch. Use the chopticks to pick the slimy buggers off your Brussels sprouts and then pierce them in the back of the head so their innards spew out.

And leave them for the nocturnal creatures to clear up or for the thrushes in the morning.

Chris McCooley lives in the Weald, near Maidstone, Kent. He is a writer and a beekeeper. His latest book is *The Wealden Way*, published by Pica Press.